

**PRESIDENT'S SECRETARIAT
(LIBRARY)**

卷之三

Class No

The book should be returned on or before the date
last stamped below

PROCEEDINGS

OF THE

ARMY IN INDIA COMMITTEE, 1912.

VOLUME VI.

APPENDICES I TO VIII.



SIMLA :
GOVERNMENT CENTRAL BRANCH PRESS.
1913.

VOLUME VI.

TABLE OF CONTENTS.

- APPENDIX I.—Appreciation of the External and Internal situation by the Chief of the General Staff, 1912.
- „ II.—Note on the military resources of Afghanistan 1912 (with map) prepared in the General Staff Branch.
- „ III.—Statement shewing subsidies given by (i) the Government of India and (ii) His Majesty the Amir of Afghanistan to the independent tribes on the North-West Frontier.
- „ IV.—Statement shewing the annual cost of Militias and Levy corps on the North-West Frontier.
- „ V.—Memorandum on the course of military expenditure 1898-99 to 1912-13, prepared in the Finance Department of the Government of India (Military Finance Branch).
- „ VI.—Memorandum regarding Ordnance Factories in India by the Director-General of Ordnance.
- „ VII.—Note by Major-General Sir Malcolm Grover, K.C.I.E., C.B., (late) Secretary to the Government of India in the Army Department on the manufacture of rifles and field guns in India.
- „ VIII.—Note by the Chief of the General Staff, dated 20th July 1912, containing a consideration of the force required to deal with a general rising of the tribes on the North-West Frontier, at the instigation or with the active assistance of the Afghans.

APPENDIX I.

Appreciation of the external and internal situation in India.

BY THE CHIEF OF THE GENERAL STAFF, 1912.

S188AIC

APPRECIATION OF THE EXTERNAL AND INTERNAL SITUATION, 1912.

The Chief of the General Staff has been instructed by the Government of India to prepare an appreciation of the situation referred to in paragraph 1 of the Terms of Reference to the Army in India Committee which runs as follows :—

“ To carry out a comprehensive survey of various circumstances requiring the use of military force, which may arise out of the external and internal situation in India, under the conditions which now exist or may probably arise during the next few years.”

In regard to this ‘reference’ some difficulty has been experienced in determining what value to attach to the somewhat vague expression “during the next few years.” After consideration, it has been thought best to assume for purposes of discussion that “the next few years” may be taken to comprise the unexpired term of the Anglo-Japanese Treaty—*i.e.*, 10 years from July 1911—both because considerable re-arrangement of conditions will probably by then have taken place, and because it takes several years for any large measures in connection with the administration of an army to display their full effect. It is as impossible to produce an efficient army at short notice, as it is impolitic, if not financially impracticable, suddenly to reduce it. Whatever measures of army policy are decided upon now can hardly be expected to produce their full effect much under the period named.

2. It is proposed to deal with this subject under the following headings which appear to include all the various circumstances which might impose on India the necessity for the use of military force :—

PART I—External conditions, including the maintenance of peace on the borders; subdivided as follows :—

Treaty obligations and Imperial liabilities.

The North-West Frontier, including Russia, Persia and the Persian Gulf, Afghanistan, Baluchistan, the independent tribes, and Kashmir.

The North-East Frontier, including Nepal, Tibet, Bhutan, China, and the independent tribes.

The South-Eastern Frontier, including Annam and Siam.

PART II.—Internal conditions, including the security of the defended ports.

Part I—External Conditions.

Treaty Obligations and Imperial Liabilities.

3. The most important of our treaty obligations, as one which might involve us in military operations, is the Anglo-Japanese Agreement, revised in July 1911, by which we are bound to

come to Japan’s assistance in defence of her territorial rights or special interests in Eastern Asia in the event of unprovoked attack or aggressive action against her by any Power or Powers with whom we have not concluded a treaty of general arbitration. This responsibility is a wide one, and it is hardly possible to discuss within the limits of this paper the conditions under which, and the means by which, the naval and military authorities of the High Contracting Parties would arrange to make our assistance available. But unless the aggressive Power were either Russia or China, any assistance which India could render would be by means of an oversea expedition only. It will be more convenient to discuss such assistance as well as our possible action overland against Russia or China, later on in this paper. But it has been thought desirable to point out here that the obligation exists, and its effect is that any serious reduction of our military forces in India *pro tanto* strengthens Japan’s potential enemies in Eastern Asia, and so far increases Japan’s risk of being attacked and our liability to be called to her assistance. Japan may fairly disapprove such action on the part of her ally, while, if persisted in, it might tend to lessen the value of the alliance in her eyes.

4. Another important obligation is our compact with the Amir of Afghanistan. This agreement is somewhat vaguely worded; but the Committee of Imperial Defence considered, in 1907, that practically, so long as the Amir acts in his foreign relations in accordance with our wishes and advice, it binds us to assist him in maintaining the integrity of his dominions against external enemies. The only Power likely to attack him at present is Russia, and our responsibilities in this respect will be considered when discussing our situation with reference to that Power.

5. We have recently made a somewhat similar treaty with Bhutan by which we guarantee the integrity of that country so long as its ruler conducts his relations with foreign Powers in accordance with our wishes. Although we have no such treaty with Nepal, we have given her an assurance that we will support and protect her in the event of an unprovoked attack from any

quarter. In the case of Kashmir we have definitely guaranteed its protection against external enemies, and its foreign relations are conducted by the Indian Government. All these obligations create a situation between us and China along the borders of these States, which may require military measures to discharge them. Moreover, it is understood that Nepal, Bhutan and the Sikkim States have all got special rights and privileges in Tibet which we have pledged ourselves to defend.

6. The Anglo-Russian Convention of 1907 is a treaty equal in importance to our agreement with Japan. It closely affects the position in Tibet, Afghanistan and Persia at the present time. The object of this convention was to put an end to Anglo-Russian rivalries in these countries; in Tibet both of the contracting parties desired to maintain the *status quo* but practically have retired in favour of China; in Afghanistan, Russia acknowledged our exclusive political interests while maintaining her commercial ones; in Persia each was given a definite sphere of influence with a neutral zone between the two spheres.

7. Outside India itself, but within the province of the Indian Government, besides the agreements above mentioned, we have numerous treaties with chiefs along the sea coast from Aden to Karachi, the most important of which are those with Muhammerah, Koweit and Maskat. All these treaties place the territories of these various chiefs more or less under our protection against aggression by foreign Powers, in return for certain action on their part as regards their foreign relations. All these engagements make demands on the army in India from time to time, which hitherto, however, have not been of a serious nature.

8. The part which the army in India is expected to take in support of the British Empire outside India, in other words its Imperial liability, remains undefined, as India was not directly

represented at any of the Imperial conferences, which were confined to the self-governing Dominions. These have recognised that it is their duty to take their share in Imperial Defence and have signified their general concurrence in the proposition "that each part of the Empire is willing to make its preparations on such lines as will enable it, should it so desire, to take its share in the general defence of the Empire." Although India was not called upon to share in this undertaking, she can hardly be held to be outside of it, as she relies on other parts of the Empire to come to her assistance when in need of it, and this implies reciprocity on her part. It is understood that the then Secretary of State for India, Mr. Morley, accepted this view on her behalf. In the past India has sent over-sea expeditions to Malta, China, Egypt, Somaliland, South Africa and the Aden Hinterland, and at the present moment has troops in China and Somaliland, sent at the direct request of the Imperial authorities, outside India. In the future it seems probable that these expeditions will be on a larger, rather than on a smaller scale, especially when we contemplate our obligations to Japan, discussed in paragraph 3.

The North-West Frontier.

9. Our relations with Russia, as India's most powerful neighbour, have a very important bearing on our military strength in India. The causes most likely to lead to our being involved in difficulties with Russia are:—

- (a) the anarchy in Persia which might bring about the partition of that country;
- (b) the discharge of our obligations to the Amir of Afghanistan;
- (c) the fulfilment of the undertakings in our agreement with Japan.

10. So long as the Anglo-Russian Convention is observed the chance of war with Russia, under (a) and (b) above, is not great. But it should be noted that the agreement regarding Afghanistan was made contingent upon Great Britain obtaining and notifying the Amir's consent thereto. This we have hitherto been unable to do, and although the Convention is in working order notwithstanding this omission, the fact leaves a loophole for future disagreement between the contracting parties. Again, however genuine Russian friendship may be at present, it necessarily cannot be regarded as permanent; it may change rapidly, and in December last Sir Edward Grey had to remind the Russian Ambassador what great care was necessary to avoid our drifting apart. Nor is the desire to uphold the Convention universal either in Russia or in England. A party of some influence exists in Russia, which would not be sorry to see the Convention abrogated, or at least quietly disregarded. Indeed recent Russian action in Northern Persia seems to point to its influence; but in this connection it is perhaps only fair to say that the present conditions there, amounting almost to anarchy, may force Russia to a modification of her engagements under the Convention, however desirous she may be of observing them. Nor must it be forgotten that, as occurred in 1901, the Russian Government might argue that, with the march of time, the situation had changed, and these assurances had grown out of date. It was no doubt with these considerations in view that Lord Morley (in Despatch No. 50, dated 20th March 1908) pointed out that,—“the conclusion of a convention does not of itself justify—and has never been regarded by even the most pacific powers as justifying—the abandonment of precautions that are necessary to ensure its observance.”

11. That Russia holds similar views is clear, for she has lately added 174 battalions and 54 batteries to her regular army and formed six new army corps. Further, in the general redistribution of her forces, she has allotted three army corps to the Caucasus and five to Siberia, with a great central reserve of five corps at Moscow. The existing Central Asian and Orenburg-Tashkent lines have had their carrying capacity steadily increased by adding crossing stations and sidings. The collection of materials for the long expected extension from Khajan to Termez is now proceeding; while the extension from Omsk through Vyerni to Aris will link the Siberian and Central Asian systems along the Chinese Turkistan border and eventually provide a third line of approach to the Afghan frontier. It may of course fairly be said that the increase of Russia's regular army has not been made only with Great Britain in view, and that her railways have been improved for commercial as well as military reasons. But whatever may have been the object of these measures, as accomplished facts they all, and especially the extension to Termez, will increase the power of Russia to concentrate troops on the Afghan frontier.

12. On the other hand, India has apparently taken the opposite view, for she has decided not to complete the Field Army of 9 divisions and 8 cavalry brigades in the manner recommended by Lord Kitchener, and she has suspended work on the railway extensions to Parachinar and Smatzai and removed the rails and bridges of the latter line. All of these measures were considered necessary by the Committee of Imperial Defence in 1907 when considering the military requirements of the Empire as affected by the defence of India. Instead of taking these steps India has of late been considering proposals for the reduction of some of her military forces; while since the Afghan War of 1878-80, i.e., during a period of over 30 years, she has done but little to improve her communications through the Khyber. It cannot be supposed that the Russian General Staff are not fully aware of the fact that the present state of the communications between India and Kabul, render it very doubtful whether we could possibly feed and supply at Kabul a force of sufficient size to protect that place from capture by the Russians, even if we were invited by the Amir to assist him and had the Afghan forces at our side.

13. In making the foregoing remarks there has been no intention of minimising the Convention, or of imputing want of good faith to Russia. But it must again be pointed out that the Amir has never accepted the Convention, that his subjects are unruly and his control over them by no means complete, that waves of fanaticism may arise, and that the contiguous Russo-Afghan frontiers offer many occasions for disputes over such matters as water for irrigation, cattle-thieving, raiding, and so on, which might easily be magnified by aggressive officials into serious affairs. It can hardly be denied that, however unlikely occasions might arise, under which we might be called upon to intervene at his request upon behalf of Afghanistan when, if we refused to do so, we might cause the rupture of his agreement with ourselves or, if we agreed, we might risk a breach with Russia.

14. Nor has it been forgotten that, in the event of war with Russia in support of Afghanistan, we should apparently have the right to call for the assistance of Japan under the Anglo-Japanese Agreement. Whether this will be readily given will depend on whether Japan, not having previously concluded a treaty of general arbitration with Russia, considers that we are involved in war in defence of our special interests in the region of India by reason of unprovoked attack or aggressive action on the part of Russia, i.e., whether the '*casus fœderis*' has arisen. We may hope that this will be the case. If she does come to our assistance the conditions under which, and the means by which, such assistance is to be made available, will be arranged by the naval and military authorities of the High Contracting Parties. We have no means in India of knowing what this action would be, but probability points to Japanese military action being confined to Manchuria and not extending to India. To carry on simultaneous operations both against Japan in Manchuria and Great Britain in Afghanistan would undoubtedly entail an enormous strain on Russian resources, but nevertheless she has sufficient armed forces available for the purpose; when this is the case, the experience of the late war in Manchuria points to the danger of calculating on such difficulties being sufficient to render military action impossible.

15. If we were called upon to fulfil our engagement to Japan in the event of her being involved against her will in a war with Russia, the attitude of Afghanistan, which is no party to this agreement, would presumably largely influence the Imperial Government in deciding on the conditions under which, and the means by which, our assistance could be made available to the best advantage. If it were decided that our best plan was to attack Russia in Turkistan through Afghanistan, a direction in which it is known that Russia was at one time apprehensive of attack from us, it is considered that, notwithstanding the whole-hearted assistance of Japan, we should fight under less advantageous conditions than if summoned to his aid by the Amir, for it seems probable that the Afghans would adopt a hostile attitude and resent our entry into their country on this pretext. Should this factor cause our military authorities to advise action elsewhere than in Afghanistan, it would be for the Imperial Government to decide what assistance should be given by India, and where. This can obviously not be laid down definitely in advance, but it is clear that pressure upon Russia, either from the direction of Sistan or elsewhere in Persia, would tend to reduce materially the resources which she could bring to bear against Japan.

- 16. Our position in Persia at the present time is concerned with (1) the situation in Persia itself, (2) the advent of the Baghdad Railway to the shores of the Gulf, (3) the proposed Trans-Persian Railway, and (4) the conditions on the shores of the Persian Gulf, in all of which matters we are more or less directly interested.

17. The situation in Persia itself is at present governed by the Anglo-Russian Convention in regard to Persia. In discussing this it has been shown that there are forces at work which tend to destroy it, while the internal condition of Persia has become so unsatisfactory, that however willing both parties may be to maintain it as it stands at present, this may prove impossible. Should this occur, the partition of Persia may be forced on us, and we should then either have to take our share in Southern Persia, or leave a vacuum for some other Power to fill. The former course would involve an additional call on our military forces in India; but if our trade interests are to be safeguarded the occupation of some part of Southern Persia will be unavoidable. Meanwhile, however, we have British Consuls and interests in several places in Southern Persia, which in the present disturbed state of the country are liable to attack. The situation may, therefore, entail our having to despatch a considerable force to their relief rather than leave them to take their chance. In either case demands may be involved on the military forces of India, the extent of which it is impossible to forecast with accuracy.

18. Sistan is a portion of Persia in which we are specially interested, owing to its proximity to the Afghan and Indian frontiers and to its grain-producing possibilities. It remains within the British sphere under the Anglo-Russian Convention, and as its development does not offer sufficient inducement to us, compared with its dangers and expense, we consider it best to maintain the *status quo* there, so long as Russia does not threaten it.

19. The advent of the Baghdad Railway to the shores of the Gulf concerns us chiefly owing to the possibility of a hostile naval base being established as a consequence at the head of the Gulf. It is possible also, if not probable, that it may be pushed into the neutral zone in Persia, and it there begins to threaten India as a means, should it approach the Gulf littoral, of supporting overland a naval base established in those regions; as an instrument for influencing the Muhammadan population through which it passes, especially if directed towards Eastern Persia and Afghanistan; and as a line of through communication between India and Europe in the future, which, as noted below, must modify the military situation to our disadvantage.

20. The proposed Trans-Persian line is another through communication which will eventually affect India even more directly. Although it is clear that the natural barriers, which at present exist round India, are a great strategic advantage in its defence, and that the piercing of these barriers by a railway would in consequence be a great disadvantage, it has been realised that a through connection by railway from Europe to India is a development of modern civilization that cannot be resisted permanently. On the assumption that such a line will ultimately be constructed, the problem becomes one of rendering it as strategically innocuous to India as possible; this can be best attained by so locating the line that it can be controlled by our sea power through a large portion of its length. But whatever alignment be adopted and whatever safeguards may be effected in its construction, its completion must modify the strategical position greatly to our disadvantage, and our relations towards it must make some additional demands on our military resources. This proposed railway through Persia will render the Bombay-Karachi standard gauge connection, always considered by the military authorities a strategical necessity, an urgent requirement.

21. The political situation on the shores of the Persian Gulf may be summarised as follows. Great Britain has acquired, and still possesses, special interests in the Persian Gulf as the result of her action and enterprise during the 19th century. She has imposed upon herself a self-denying ordinance as regards the acquisition of territory, but by virtue of her superiority at sea she exercises a quasi-sovereignty on the shores of the Gulf. She cannot contemplate the creation in the Gulf of territorial interests by any other Power, beyond what Turkey and Persia have at present, without serious concern. The primary object of British diplomacy is to maintain the *status quo*; to protect British trade interests; to ensure the fulfilment of the treaties entered into with the chiefs along the littoral; and to resist by all the means in her power the establishment by any rival Power of a naval base or fortified coaling station in the Gulf. It becomes increasingly difficult to maintain this position, especially in view of the aspirations of the Young Turk party supported by Germany; and it would seem that the prosecution of their national programme will bring Ottoman real or fancied interests into conflict with those of Great Britain in several parts of the Arab world, especially in Mesopotamia and the Persian Gulf. How we are to meet these attempts to modify the *status quo* to our disadvantage does not appear to have been authoritatively determined, but although our action is likely to be primarily naval, yet, as purely naval action can never be decisive, some demand is almost certain to be made on the military forces of India. The suppression of the arms traffic across the Gulf has also been engaging the attention of both our naval and military forces during the past few years and seems likely to continue to do so for some time to come, as demand and profits increase.

22. In regard to Afghanistan, Russia by the Anglo-Russian Convention agrees, as already stated, to recognise Afghanistan as outside the sphere of Russian influence ; she engages to conduct all her political relations with Afghanistan

through the intermediary of the British Government and not to send any agents into that country ; while Great Britain engages not to take, nor encourage the Afghans to take, any measures threatening Russia and, while the Amir fulfils his engagements under his separate treaty with us, neither to occupy nor annex any portion of Afghanistan nor to interfere in the internal administration of the country. Great Britain also concedes the principle of equality of commercial opportunity to Russia in Afghanistan. As already noted, the Amir has not subscribed to the Anglo-Russian Convention, but it is nevertheless being acted upon by the two contracting parties. Under our own treaty with the Amir we practically guarantee the integrity of his dominions against unprovoked aggression, provided he conducts his external relations through us.

23. In Afghanistan under the present Amir the armament of the people with modern rifles has been greatly encouraged, and the regular army has been improved and better armed, especially as regards artillery, though its training and organization are still very defective. The communications on this side of the Hindu Kush are also being greatly improved, particularly round Kabul. The military power of Afghanistan is, therefore, steadily increasing, especially for purposes of defence. Its chief weakness lies on the Russian frontier from Herat through Afgan Turkistan and Badakshan to Wakhan, in which regions the population also is non-Afghan and not unfriendly towards Russia.

24. The chief danger of war with Afghanistan appears to lie in the Amir's difficulty in dealing with the more fanatical and ignorant sections of his subjects and possibly in our handling of border disputes between him and Russia, when we might not feel inclined to support him. Should the unruly elements referred to gain the ascendancy owing to a wave of religious feeling spreading over Islam, the Amir's hands might be forced into declaring war with us in order to maintain his throne. There is also danger that his courtly attitude to the independent tribes on our border, adopted no doubt with a view to placate the above sections of his population, may at some time land him in such serious difficulties with us that war may follow. This nearly happened in 1908, during the Mohmand expedition. Another contingency which cannot be ignored is the possibility of the Amir's losing his throne, either by assassination or otherwise. There are not wanting signs of discontent with his rule, and he may not be strong enough to put it down. His brother Nasrullah has the reputation of being decidedly hostile to England and closely in touch with the Mullahs and fanatical elements. Should he succeed in gaining the throne, we must be prepared for serious difficulties, as Afghanistan and the tribes may quite possibly combine against us.

25. Baluchistan is at present tranquil, and its different chiefs rule their small states under our protection and guidance. Although minor troubles frequently arise, they are easily dealt

with, and there seems no probability of anything happening in this area which will need any serious effort on the part of the Army in India to suppress it. Still it must be recollect-
ed that there are fairly powerful and concentrated tribes there, such as the Kakars, Marris, Bugtis and Achakzais of Peshin. In the Afghan War of 1878 some of these attacked our line of railway towards Quetta. In 1896 their attitude caused considerable anxiety, but fortunately the wave of fanaticism, which spread over the rest of the frontier in 1897, did not extend to them. In case of a reverse to a considerable detachment in the beginning of a war, their action and that of the other tribes of Baluchistan, such as the Nausherwanis on the Perso-Baluch frontier, must be considered.

26. Owing to the policy of His Majesty the Amir in encouraging the armament, in spite of the risk of internal rebellion, not merely of his own subjects but of the frontier tribes, their fighting

strength has greatly increased since the general rising in 1897-98 when we had to mobilize 70,000 men. Sir George Roos-Kepel in 1907 considered that they had become perhaps ten times better armed in the interval that had then elapsed. However this may have been then, the arming of the tribes with modern rifles has steadily progressed since, and they have undoubtedly now become a great and increasing danger of which it is necessary to take cognizance and be prepared to meet. Apart from their natural lawlessness coupled with local fanaticism, the chief risk of collision with them arises from the encouragement and subsidies they receive from Kabul which cause them to annoy us frequently ; while at longer intervals a wave of feeling, as in 1897, may cause a more general rising. What is important is that when these collisions occur, we cannot adopt a defensive attitude, but must be prepared to attack them in their mountain fastnesses. To act otherwise is to risk a general conflagration along the whole frontier and may even involve difficulties in India itself where the failure of the Government to perform its first duty, that of protecting its subjects from aggression, would be patent.

27. We have guaranteed the protection of Kashmir against external enemies. To the north of this State lies the outlying portion of the Chinese Empire known as Chinese Turkistan, which is separated from Kashmir by enormous mountain ranges, across which there are few tracks passable by even the smallest bodies of troops. China also maintains no troops of any value in this Province. No danger of aggression need be apprehended from this quarter, and it is not worth while to consider it further. There is some danger, however, in the Gilgit Agency from Russia across the Pamirs, but any attack from this direction can hardly be formidable, and it would be dealt with as one of the subsidiary operations of a campaign against that Power. There is also danger of attack from the independent tribesmen to the south-west of the Gilgit Agency. Owing to the difficulty of the communications this too can only be made by such small numbers that the Kashmir Imperial Service Troops could probably dispose of them without our assistance. Regarded as a danger to ourselves, Kashmir is of little account as its population, with the exception of a few Dogras, is not warlike. From no point of view, therefore, is Kashmir likely to cause any serious demand on the military forces of India.

The North-East Frontier.

28. The Kingdom of Nepal, the land of the Gurkhas, is a very powerful Native State forming part of our northern boundary for 500 miles. It has been uniformly friendly since 1857,

Nepal.

and furnishes large numbers of men for our Indian army. With its warlike population and fairly efficient army of 35,000 men, it is a factor of the first importance in this part of India. As stated in paragraph 5, we are under obligation to defend Nepal, and its foreign relations are to a considerable extent under our control, partly by treaty and partly by usage. Jealous of their independence, the Nepalese do not now acknowledge the suzerainty either of Great Britain or of China, though until recently they have been inclined to play the latter off against any sign of undue influence from ourselves. Recent Chinese activity in Tibet has rendered the Nepalese more disposed than they ever were before to listen to our advice; but they have never gone to the length of placing themselves under our protection. But although the suzerainty of Great Britain has not formally been acknowledged, it is implied by our political relations *de facto* with the State. This State, therefore, seems likely to be an important ally in any contingency that may arise; but should anything cause it to oppose us, the military situation thus created would be a serious one for the Army in India. The possibility, though remote, cannot be entirely ignored.

29. Although at one time virtually independent of China, Tibet appears, since the Anglo-Russian Convention, to have been treated as one of the outlying provinces of that Empire, though at

Tibet.

the moment of writing China is relaxing her hold upon it. Its population is not warlike, and left alone the Tibetans have never proved aggressive neighbours, however aloof they may have held themselves from intercourse with us. The influence of China may cause this attitude to change in the future, but its development will probably be slow and need not demand any serious military preparations on our part for some years to come. The position of the Chumbi valley, a salient projecting into India, is a weak point which invites our attack in case of any serious trouble with the Tibetans. The height of its mountains and plains, their inhospitable character and the extreme cold in winter render military operations in Tibet, on even a moderate scale, inordinately expensive and difficult; so that there is every reason why we should avoid expending upon that country any considerable portion of our military resources.

30. The shadowy suzerainty of China over Bhutan has never been recognised by the British Government, and attempts to assert it on the part of China have recently led to the

Bhutan.

Bhutan Government placing its foreign relations under our control. We have definitely told the Chinese Government that we do not recognise their claims to suzerainty over Bhutan and Nepal, and will, if necessary, resist them. The country is most difficult, and the population is not warlike, nor is it well-armed. Although we need fear nothing from Bhutan, it would not be very easy to protect it from China acting through Tibet, and as long as the frontier to the north of Bhutan remains undefined or undemarcated, sources of trouble may present themselves which may lead to rather difficult operations on the part of the Army in India. In Bhutan itself no considerable forces could, with advantage, be employed.

31. After leaving Tibet eastwards the province of China which impinges on our North-East China.

Frontier in Burma is Yunnan. Here, too, since the signing of the Anglo-Russian Convention, the

Chinese have been displaying greater activity on the frontier. The establishment of a republic in China may lead to a change of policy, but so far the signs are not promising as making for better relations on the border. The frontier line remains undelimited from Bhutan to Manang Pum in Burma. In Assam all our maps show it as being along the administrative border, which is utterly unsuitable. In Burma we have informed China in general terms that

we regard the undelimited portion as following the Salween-Irrawaddy watershed from the confines of Tibet towards Manang Pum ; but China has not accepted this line.

32. China has not hitherto been a strong military power, and where a frontier has been defined she has generally been a good neighbour. But under an improved administration, she may become formidable on land as years pass on, while the mere bulk and weight of her natural expansion is apt to give trouble. The country lying between China and the Burma-Assam border is generally mountainous and undeveloped, and in its present state the movement of large bodies of troops along any route is not possible. The communications with the interior of China also are long and bad. So long as the natural barriers on this frontier remain unpierced by railways, we have little to fear from the Chinese, while on our part we have no reason for wishing to undertake serious offensive operations against them from this frontier, as there is no suitable objective within reach ; though the weakness of the Tengyueh salient affords one for local operations of a limited extent. Nervous as the Yunnan authorities have proved themselves about this salient, it is probable that pressure will always more effectively be brought on China by oversea operations directed against the main objectives in that country. Although for defensive reasons it is important that the natural barriers on this frontier should not be pierced by good communications, the Indian Government have been pressing for some years the extension of the railway from Bhamo northwards on commercial grounds. Should this be completed and extended through Yunnan, it will create a fresh situation on the Burma frontier which is likely to make increased demands on the military forces of India. At the same time this railway may have a pacific effect on the frontier.

33. The frontier question on this border has at length been taken up by His Majesty's Government, and it may be hoped that it will now be pushed through to a satisfactory solution. The longer agreement is delayed, the more difficult the problem will become and the less advantageous will be the border line eventually obtained. China is organising a modern army corps of two divisions in Yunnan and, until the revolution broke out, she was steadily increasing the strength of her military position on this frontier. Although there is no cause for uneasiness at present, the potential military strength of China has to be borne in mind as her present unreadiness for war can, and probably will, be remedied in course of time. For the present, diplomatic representations to China do not require to be supported by the display of any considerable armed force ; but in a few years she may well not prove to be so amenable to persuasion. The mere fact, moreover, of small bodies of Chinese soldiers pressing forward as far as they dare upon most of the routes which cross the ill-defined frontier, and entering into relations with the inhabitants of outlying villages, is apt to lead to trouble, and to necessitate the presence of troops or military police in numbers quite out of proportion to the real importance of the localities. The internal situation in China has not been commented on at any length, as it is so complex and uncertain. It is, however, well known that Yuan Shikai had difficulty in controlling mutinous troops, and it is quite possible that these may get out of hand and start an anti-foreign propaganda which may create a state of affairs that will require united action on the part of the Powers. In such an event British action would probably be carried out largely by Indian troops.

34. The independent tribes lying along the North-East Frontier are numerous, if unimportant, and they inhabit a fringe of almost unexplored mountainous country between ourselves and Tibet and Yunnan.

The independent tribes. Until the recent activities of China along this frontier caused us to reconsider our position, we had followed a policy of aloofness as much as possible in regard to them, only punishing acts of aggression on their part with small punitive expeditions. It would seem now that this attitude must be changed, and that they must be brought under our influence and afforded protection against external aggression. We have recommended an approximate line of frontier *vis-a-vis* China, which it will be desirable for us to obtain, and have commenced to explore and survey the country along it, so that we may define it with sufficient precision. Most of this frontier will consist of high and inhospitable mountains, pierced at intervals by trade routes of varying importance. On the most important of these, i.e., those up the Lohit and Dihong valleys, we shall require to take steps, such as the establishment of posts near the border line, to make the frontier, we may eventually decide on, effective. The prosecution of this work during the next few years will make demands, though probably not serious ones, on our military forces.

The South-Eastern Frontier.

35. South of Yunnan the province of Annam abuts on the eastern frontier of Burma for a short distance. The communications between Burma and Annam are difficult and

unfitted for the deployment of even moderate forces. Our relations with France are good and likely to remain so ; but even if they change, the length of her communications and the smallness of her forces in Indo-China will prevent any serious offensive on this frontier on the part of France. It seems far more probable that under such circumstances, she would have to concentrate her available forces near the sea coast to secure Tonkin.

36. The Kingdom of Siam has an army of 10 mixed brigades, organised, equipped and trained on modern lines. This force has shown Siam. a steady improvement during the last few years;

it is capable of developing a war strength of 80,000 men with 120 guns. It has recently been reported on by a high military authority as admirably drilled and soundly disciplined with all the makings of a very useful force, capable of putting into the field some 45,000 men and 120 guns. The communications between Siam and Burma are few, and cross difficult country, and they are unsuitable to the movements of large forces. Formerly our rivalry with France in Siam caused much friction between us, but this has been put an end to by an agreement between the three countries. Siam has usually been friendly to Great Britain, and we need fear but little danger from this quarter during the next few years.

Summary.

37. As regards external conditions the most important elements are the Anglo-Japanese and Anglo-Russian agreements. The permanence of the latter convention is sometimes threatened by parties hostile to it in the countries concerned and by the course of events in Asia; but the steady rise of the power of Germany in Europe, and the danger this implies to other nations, tends to have a quietening influence on their rivalries in the East. But affairs in Persia, revolt or fanatical feeling in Afghanistan, or among our frontier tribes, might at any moment create a situation which would severely tax our military resources in India. Meanwhile the increase in the military strength of Russia and Afghanistan; the extension and improvement of railways; the growing ambitions and interests of several Powers in Persia and the Persian Gulf; the rapid armament of the independent tribes on the North-West Frontier with modern rifles; the increasing activity and awakening of China, are all factors which are gradually making our military position in India more difficult, and may even, as they develop, render it dangerous. While the above is our local position in India, our Imperial obligations outside it also appear to be on the increase, owing to the conditions in Europe, Asia and Egypt. Thus it seems probable that larger demands may be made on the military forces in India for Imperial purposes in the future, than has been the case in the past; considerable as these have sometimes been.

Part II.—Internal conditions including the security of the defended ports.

38. The general principles on which provision is made for maintaining the internal security of the country may be broadly stated as follows:—

(i) The first requirement is to provide for the maintenance of the authority of Government including the Civil Power generally, and for its ability to enforce its commands.

The means used for this purpose are the police and the army. As the power of the former is insufficient in itself to deal with resistance on a large scale, the ultimate support of the Civil Power is the army.

Hence it is necessary to ensure that the military forces are properly distributed, that the arsenals and seaports upon which they depend for the supply of munitions of war, other supplies and reinforcements are properly defended, and that the railways and other communications, which enable those forces to be moved to the points where they are needed, are safeguarded from interruption.

(ii) The second requirement is to maintain, in conjunction with the civil authorities, as complete information as possible regarding the elements which make for rebellion, sedition, or civil disturbances, whether those elements exist in areas entirely under our rule, or in areas governed by protected or semi-independent Native States, to keep a close watch upon them, and to make good arrangements for controlling in their early stages movements which might if unchecked develop into dangerous forces, or which might affect the recruiting grounds of the army.

39. In dealing with a country of the size of India, inhabited by so many diverse races having different traditions, differing interests, different characteristics, and often different languages, where too the interests of the fighting races are often opposed to those of the non-fighting ones, it is practically impossible to deal with the country as a whole in regard to the foregoing requirements. The subject has been studied very carefully and in detail by the General Staff, and in the following pages an attempt has been made to state as shortly as possible the existing conditions in the several zones into which, for purposes of this paper, security areas have been grouped.

40. These zones are as follows:—

The North-West Frontier and Baluchistan Zone.

The Punjab Zone.

The United Provinces Zone.

The Bihar, Bengal and Assam Zone.

The Rajputana and Central India Zone.

The Bombay or West Coast Zone.

The Madras or East Coast Zone.

The Burma Zone.

The Aden Zone.

41. The danger which appeared most imminent in 1904 when plans were prepared for the redistribution and reorganization of the Army in India, was a war with Russia, entailing a campaign in Afghanistan. It was realised that the protection of India from external invasion, and the preservation of internal security within its borders, were inter-dependent problems, and that any scheme adopted for the reorganization and redistribution of India's armed forces should be one which would provide conveniently and effectively for both these objects.

42. This was the basis of the army organization and distribution effected by Lord Kitchener. During the last five years, however, certain factors have come into prominence which have had as important an effect on the problem of India's internal security, as the Anglo-Russian Convention has had on that of her external responsibilities. In 1904 the contentment of the people as a whole, and their acquiescence in British rule, were not seriously questioned, and though the existence of sedition in certain areas was known, it was not regarded as a matter of any serious importance, as it was confined to a small class and to certain districts the inhabitants of which

The growth of sedition.

were unwarlike. Since then, however, the situation has changed for the worse. The triumph of

tion has changed for the worse. The triumph of Japan over Russia, and her consequent elevation to the position of a World Power, has stirred the Asiatic world from Tokio to Teheran, and has awakened long slumbering national aspirations and a hatred of European domination. The innate racial difference between the East and the West has found expression through the Press, and has given rise to a campaign of calumny and vilification which has stirred the masses against Government in a manner which is as startling as it is unexpected. Encouraged by the support of English politicians who fail to realise that the democratic methods of government which obtain in Europe, are as yet unsuited to the East with its different ideals and backward civilization, the educated classes in India have started an agitation for political independence which ranges from the aspirations of the moderates, who hope to see India enjoying within the Empire the same degree of autonomy as the self-governing Dominions, to the violent hostility of extremists who would be satisfied with nothing less than complete revolution and independence, and are prepared to resort to every form of violence in order to attain their object. If this awakening of national aspirations and desire for political emancipation were confined to the educated classes, and to unwarlike races, such as the people of the Deccan and Bengal, it would be of comparatively little importance from a military point of view. The propaganda, however, has spread to the Punjab, the great recruiting ground of the Indian Army, and has been successful in alienating the loyalty of some of the people of that province to a dangerous extent.

43 Realising that no political propaganda can arouse the people from their apathy unless it is associated with religion, the promoters of sedition have been careful to find religious motives for their activities. Apart from causing discontent against British rule, they have stirred up religious animosities, and by encouraging fanaticism have increased the probability of riots.

The methods of sedation.

between Musalmans and Hindus. Well aware of the fact that the resources at the disposal of Gov-

ernment, and their own lack of arms, precludes the possibility of a successful insurrection, the leaders of the extremist movement have made a study of anarchical methods. If open revolt is impracticable, it is at any rate possible by assassination, bomb-throwing, and political dacoities, to work upon the fears of the timorous, and to spread the idea that Government is powerless to protect the lives and property of its subjects. Again, if the forces of Government cannot be faced in the field, it is at any rate possible to hamper their mobility by cutting the telegraph wires, encouraging strikes among miners and railway employés, derailing trains, and damaging bridges and rolling-stock. Nor is the obtaining of arms an altogether insuperable difficulty. In spite of the Arms Act, a considerable supply of revolvers has been distributed throughout the country, and though the smuggling of arms and ammunition into India undoubtedly presents great difficulties, cargoes of rifles could probably be landed at some of the smaller ports, more especially at places like Goa and Pondicherry and they could be smuggled thence into the interior with no greater risk of detection than attends the smuggling of arms from India across the North-West Frontier.

44. The facts above stated have increased the importance of providing means for the maintenance of internal security, and of estimating the relative value to be attached to the religious and political movements which threaten to disturb the peace of India. This entails a careful examination of the aims and objects of the various political societies which have come into prominence through the seditious agitation of the last few years, and an appreciation of the localities in which their propaganda is most likely to be injurious to British authority and prestige.

45. Before proceeding to make this detailed examination, it is necessary to explain that under the reorganization scheme of 1904 it was assumed that in addition to the volunteers, about 60,000 armed civil police, of whom some 20,000 would be collected in formed bodies at pre-arranged centres, would be available to assist the regular troops in maintaining internal security. The police have been highly tried during the last few years, and many members of the force have displayed conspicuous courage and fidelity, especially in the investigation of political crime.

The Police.

In the event, however, of widespread unrest, culminating in some serious outbreak, it may be doubted whether the bulk of the police would remain perfectly reliable, unless strongly supported by regular troops. It is, therefore, no longer considered advisable to reckon to the same extent upon their assistance in schemes of defence, thus modifying the policy formerly accepted which provided for their inclusion in all internal security garrisons. Furthermore, it is now part of the policy of Government to restrict, as far as possible, any increase or improvement in the armament of the police, as it is recognized that the discipline of the force is naturally inferior to that of regular troops, and that as they are usually recruited from the provinces in which they serve, and are scattered about the country in small detachments away from their officers, they would more readily succumb to disaffection than their comrades in the army.

The North-West Frontier Zone.

46. The North-West Frontier Zone consists of the North-West Frontier Province and Baluchistan, and is divided into five areas, viz. :—

- | | |
|------------------------|---------------------------|
| (i) The Peshawar Area. | (iv) The Derajat Area. |
| (ii) The Kohat Area. | (v) The Baluchistan Area. |
| (iii) The Bannu Area. | |

47. The population of the North-West Frontier Province is estimated to be over 2 millions and with the exception of officials and traders in General remarks.

the towns and villages, is almost entirely composed

of Musalmans. The latter, in their racial characteristics and customs, resemble the clansmen of the independent tribes beyond the administrative border, and though more law-abiding and less fanatical than the latter, they are nevertheless susceptible to the same influences, especially in religious matters. Any general rising of the frontier tribes which had the support of the Amir, and formed part of the Pan-Islamic movement, might cause serious disturbances if not a revolt, and might affect the loyalty of many of our Musalman soldiers who are recruited from the warlike inhabitants of this province.

48. These remarks apply also to Baluchistan, though in a lesser degree. The population of the latter is under a million, and it is much less homogeneous than that of the North-West Frontier Province. The people are warlike but not fanatical, and instead of being grouped, like their neighbours, into clans owning no authority but that of the tribal *jirga*, include many tribes which acknowledge the authority of recognized chiefs, and States like Kalat and Las Banya which have a monarchical government. The population of Baluchistan is thus much more easy to control than that of the North-West Frontier Province. The chief elements of disturbance are to be found in the districts of Loralai, Sibi, and Zhob, the Marris and the Kakars being the tribes most likely to give trouble. The preaching of a *jehad*, or an incitement to revolt on the part of the Amir, would not meet with the same response in Baluchistan as it would in the North-West Frontier Province or among the independent border tribes, although the prospect of loot would be ever present.

49. The responsibility for the maintenance of law and order in the North-West Frontier Province and Baluchistan rests primarily with the civil authorities and the local forces which they control. The responsibility of the regular troops is to afford support to these local forces whenever circumstances demand it. The principle followed by the civil authorities is to locate the local forces in small fortified posts on the main lines of communication, while retaining a portion at the headquarters of corps as a reserve. It is recognized that these posts, though of sufficient strength to fulfil their purpose under normal conditions, would prove inadequate should extensive and organized tribal revolt supervene. Assistance would then be required from the army, and it is with this object that the regular forces are now distributed and organized. The principle followed is to locate moveable columns at suitable stations whence relief can be sent to the threatened point.

50. Peshawar, near the entrance to the Khyber Pass, is the place of chief importance in the Peshawar Area. It has a population of 95,000

and a considerable trade, is the headquarters of the local administration, and the base of the northern line of advance into Afghanistan. Peshawar, Nowshera, and the Malakand require to be held, vulnerable points on the railway between

Attock and Jamrud have to be guarded, and moveable columns are necessary at Peshawar, Mardan and the Malakand for the maintenance of order in the area.

51. Kohat, on the road into Afghanistan *viz* the Kurram Valley, is a place of some importance, as it is the broad gauge railhead of the Kohat Area.

the railway from Khushalgarh, and the base for

the central line of advance. Kohat, Fort Lockhart, and Parachinar require to be held, detachments must be furnished to guard the railway between Thall and Khushalgarh, and a moveable column, based on Hangu, is necessary to support the posts in the Kurram and on the Samana.

52. Bannu owes its importance to the fact that it covers the entrance to the Tochi Valley. Bannu itself has to be held, and a moveable column, based on that place, is wanted as

The Bannu Area.
a support to the posts in Northern Waziristan. Bannu will shortly be connected with the North-Western Railway system by a narrow gauge line which is to cross the Indus at Kalabagh.

53. Dera Ismail Khan owes its importance to the fact that it watches the entrance to the Gumal. Dera Ismail Khan requires to be held, and a moveable column, based on that

The Derajat Area.
place, is also necessary to act as a support to the posts in Southern Waziristan and the Gumal.

54. Quetta is the only large town in the Baluchistan Area. It is the headquarters of the local administration, and has a first-class arsenal which

contains the war material required for the troops

detailed for the southern line of advance into Afghanistan. It is the base of this line of advance, and as it is entirely dependent on India for supplies, the maintenance of railway communication with Sukkur is of vital importance. Owing to the difficult country traversed by the two lines from Sibi to Bostan, and thence to Chaman, and the number of tunnels and bridges to be guarded, a good many troops are needed for their protection. In addition to providing for this, and for the security of Quetta itself, a sufficient force is required to be able to deal with the Kakars of Zhob, the Marris of Sibi, and the Brahus of Kelat. The deserts which surround this area make raiding difficult and unprofitable, so that, in spite of its extent and the wildness of its inhabitants, it is more manageable than the North-West Frontier Province,

The Punjab Zone.

55. The Punjab Zone is divided into two areas, *viz.* :--

(i) The Rawal Pindi Area.

(ii) The Lahore Area.

56. The population of the Punjab is 24 millions, of which 12 millions are Muhammadans, 10 millions Hindus, and 2 millions Sikhs. The General remarks.

people are hardy and warlike, and from the large

number of soldiers which it furnishes, the Punjab, as a recruiting ground, stands nearly in the same relation to the army of to-day, as Oudh did to the army of 1857. A noticeable feature in regard to the population is the regularity of its distribution. Speaking generally, the west of the province towards Rawal Pindi is Musalman; the centre round Lahore is Sikh; while the eastern portion towards Delhi is Hindu. This distribution has, as will presently be shown, an important bearing on the question of internal security.

57. With the exception of the Dogras of Jummoo and Kangra, the population of the Rawal Pindi Area is almost entirely Musalman. Any great

excitement such as the preaching of a *jehad* in

Afghanistan, or a general rising of the tribes on the North-West Frontier, might react on the Muhammadans of the Murree Hills, the Salt Range, and the country round Jhelum and Shahpur, and lead to serious religious riots, with attacks on Hindus, and possibly to the interruption of the railway between Lahore and Attock. The Musalmans of this area are reckoned as the most turbulent people in the Punjab, and have a higher percentage of crime than any other class in the province. They furnish the army with a very large number of soldiers and though loyal as a whole, many share the belief that is now being spread among Indian Moslems, that Great Britain, in common with other Christian Powers, aims at the downfall of Islam, and that the action of the Italians in Tripoli, of the French in Morocco, and of the Russians in Persia, is all part of a scheme for destroying the independence of Muhammadan States. The feeling of irritation which this causes is kept alive by the Musalman newspapers, and is not only creating a hostile feeling towards Government, but accentuating the religious animosity of Musalmans towards Sikhs and Hindus.

58. The place of chief importance in the area is Rawal Pindi where there is a fortified position and a first class arsenal, in which is stored most of the war material required for the troops detailed for the northern line of advance into Afghanistan, or for a campaign on the North-West Frontier. After Rawal Pindi, the most important places are Wazirabad, Jhelum, Attock and Khushalgarh. There are important bridges at these points which require to be securely guarded. The railway from Lahore to Peshawar, with the branch to Kohat via Khushalgarh, also requires protection. Rawal Pindi, Murree, Campbellpore, Attock, Abbottabad, Jhelum, and Sialkot have to be held, and moveable columns, based on Rawal Pindi, Abbottabad, Jhelum and Sialkot, are necessary for the maintenance of order.

59. The Sikhs of the Lahore Area are found chiefly in the Lahore, Jullundur, Ferozepore, Loodhiana and Amballa districts, and in the adjacent Native States of Patiala, Nabha and Jind. The area

furnishes a very large number of soldiers, and supports one of the most virile populations to be found in India. Formerly distinguished for their loyalty to the British, the Sikhs have to some extent succumbed to the influence of political agitators, and can no longer be implicitly relied on. The older generation of Sikhs still cherishes an affection for British rule; but the younger genera-

The Sikhs and the Tat Khalsa movement. The younger generation, though hostile to modern Hinduism as represented by the Arya Samaj, is influenced by the anti-British propaganda and the liberal ideas of the latter. The grim puritanism of the orthodox Khalsa faith is becoming distasteful to the young Punjabi, and nine out of ten of the recruits who present themselves for enlistment as Sikhs, now postpone the ceremony of baptism until they actually join their regiments. Were it not for the strict observance of Sikh forms and ceremonies which is insisted on in the army, it is doubtful whether Sikhism would have survived the blow which it received when the Punjab was annexed.

60. The resentment of orthodox Sikhs has been aroused by the attitude adopted towards them by the Arya Samaj, which is striving to unite Hindus of every sect in a common religion and nationality. This has resulted in the revivalist movement known as the Tat Khalsa, which is primarily designed to unite all Sikhs in resisting the attempts of the Aryas to proselytise among them. Many of the Neo-Sikhs, who represent the progressive portion of the Khalsa community, are in sympathy with the nationalist ideas of their Hindu brethren. They have, however, as the dominant class in the Central Punjab, the strongest objection to the latter taking the lead in a matter which so vitally affects their interests. The nationalism to which they aspire is a revival of Sikhism as it existed in the days of Ranjit Singh, and not the larger conception of national independence which is favoured by the Arya Samaj. They realise that Sikhism has always tended to revert to the Hinduism from which it is derived, and they fear that the propaganda of the Aryas, which is specially attractive to the rising generation, may lead in course of time to the extinction of their own religion. It was to prevent this result that they started the great Sikh revival above referred to, which is designed to bring the political aspirations of educated Sikhs into harmony with the orthodoxy of the older and less enlightened generation. Afraid of being beaten in the race for political emancipation by the progressive Aryas, the Sikhs have been forced to take up the questions of education and social reform, and to join in the general outcry for greater local autonomy. The propaganda of sedition and resistance of authority, inculcated by the Native Press, has done much to undermine Sikh loyalty and to stimulate racial and religious hatred in the Punjab.

61. The Sikh States of Patiala, Nabha and Jind occupy a position of great strategical importance stretching across the Punjab from the Himalayas to the Bikanir desert. They are astride the main lines of communication between Calcutta and Peshawar, and dominate the important centres of Lahore, Amritsar and Ferozepore. This constitutes an appreciable danger from the British point of view, for these States have become tainted with the prevailing spirit of unrest, and from the fact of their having some 3,000 Imperial Service, and 4,000 local troops at their disposal, their rulers are in a position to give the lead in the event of a revolt among the Sikhs. The success of any such movement would depend in great measure upon the season in which it took place. If it were brought about in the summer, when the British garrisons have large detachments in the hills, and when the civil population is reinforced by hundreds of Sikh soldiers on leave or furlough, it would prove more serious than it would if the outbreak took place in the winter. The first move in any revolt of this kind would probably be an attack on the Ferozepore arsenal, as the capture of the latter would equip the insurgents with the arms and ammunition they would require.

62. The Hindus of the Punjab are far less caste-ridden than their co-religionists of the United Provinces. Their orthodoxy has been swept away, not only by the floods of Muhammadan conquest, but also by the rise of Sikhism, which represents the most successful revolt ever achieved by Hindus against the ceremonial tyranny of the Brahman. It is for this reason, probably, that the doctrines of the Arya Samaj have found such ready acceptance in the Punjab. The Samaj may be described as a puritan association which aims at reforming Hinduism by purging it of the polytheism, idolatry and grossness which it has absorbed in the course of ages, and reverting to the simple nature worship of the Aryans as inculcated by the Vedas. It is not only anti-Islamic, anti-Sikh and anti-Christian, but strongly anti-European. While desirous

of modernizing Hinduism by adapting to its use the learning and culture of the West, it aims at creating a national spirit by inculcating a hatred of alien rule. Its object, in fact, is to gather together all sects of Hindus into one religious and national fold, to the ultimate discomfiture of all other faiths and the overthrow of British rule.

63. The educated Hindus of the Punjab are nearly all supporters of the Arya Samaj. Pleaders, bankers, traders, schoolmasters, railway employés and Government officials, are among its staunchest supporters, and though its doctrines are favoured by townspeople rather than by villagers, its influence among the latter is steadily increasing. The Samaj is admirably directed and organized, and by means of its branches, which are scattered all over India, it is spreading the idea of religious and political unity, and encouraging a spirit of bitter hostility to Government. It is a militant and proselytising faith, and has provoked the fierce resentment of orthodox Sikhs by seducing from the Khalsa fold many of their laxer brethren who have neglected to take the *pahul*. Besides making converts among the Sikhs, it has aroused Muhammadan fanaticism by inducing many Musalmans to abjure their faith, and revert to the Hinduism which they once professed. The Musalmans thus won over are mostly Nau-Muslims, i.e., Muhammadans who have embraced Islam in comparatively recent times, in order to escape from the thraldom of caste. It is the promise of similar emancipation that makes the Samaj attractive to low-caste Hindus; for without denouncing or defying caste, the Aryas have at least the courage to ignore it.

64. The ethical code of the Aryas is elastic and vague, and they are not above pandering to popular prejudices. Nothing in the Vedas, for instance, prohibits either the killing of cattle or the eating of beef; but in deference to one of the most universal of Hindu superstitions, they do not hesitate to include cow-killing amongst the deadliest of sins. In this they reveal the real object of their doctrines. The sanctity of the cow is the mainspring of Sikh and Hindu hostility to both Christian and Muhammadan, and the drift of the Arya Samaj teaching is far less to reform Hinduism than to rouse it into active resistance to the alien influences which threaten to denationalize it.

65. The Arya Samaj is, if we except the Brahmans of the Dekhan of whose inner organization little is known, the only religious body which has tried to seduce soldiers from their allegiance, or to interfere with their discipline and recruiting. It has taken a strong hold among Jats and is gaining ground among Dogras and Rajputs—classes which are largely represented in the Indian Army, and which are specially susceptible to the influence of the anti-kine-killing agitation. There is, therefore, especial necessity for guarding the army against such influences. It is conceivable, however, that in supporting the Arya Samaj, many Hindus have been attracted by its religious tenets rather than by its political doctrines which are often purposely obscured. Many Aryas, indeed, deny that the Samaj preaches disaffection, or that it concerns itself actively with politics. They declare that its objects are to promote education, and encourage social reform. It may be true that the Samaj has not committed itself as a body to any political programme; but there is overwhelming evidence to show that some of its most influential members have been leading the seditious agitation of the last few years, while others have associated themselves with the extremist propaganda which is encouraged by anarchists in Europe and America.

66. The grant of political concessions, and the passing of various measures controlling the activities of the Native Press, and limiting the right to hold public meetings, has done much to divert seditious movements into constitutional channels, and to place a check upon the activities of political agitators. The Tat Khalsa and Arya Samaj movements, however, are potential sources of mischief, and both must be taken into account when appreciating the factors affecting internal security. It is not only their anti-British sentiment which has to be considered, but their mischievous religious activity, which in places like Rawal Pindi, Lahore, Amritsar and Multan, may at any moment provoke serious rioting between Sikhs and Hindus, or between the latter and Musalmans.

67. The places of chief strategic importance in this area are Lahore, Amritsar and Ferozepore. Simla, the summer capital of India, with its radio-telegraph installation at Jutogh, must also be included in this category. Lahore, the capital of the province, is a place of growing importance with a population of 186,000 which includes many lawless elements. It is a railway centre with large workshops, engine sheds, etc., and has a fort. It will shortly be provided with a radio-telegraphic installation communicating with Simla and Delhi. Amritsar, the great religious centre of the Sikhs, has a population of 162,000, and a considerable trade. Ferozepore with a population of 50,000 is of great importance on account of its arsenal. Multan, Lahore, Amritsar, Ferozepore, Ambala and Simla require to be held, and moveable columns, based on Lahore and Multan, are necessary for maintaining order.

68. The railway lines in this area requiring special protection, are the East Indian and North-Western main line from Delhi through Ambala and Lahore towards Rawal Pindi and Peshawar; the Southern Punjab line from Raewind through Ferozepore to Delhi; the line from Lahore through Samasata to Karachi; and the line from Samasata towards Kundian. The bridges by which these lines cross the Beas, Sutlej, Ravi and Chenab, require considerable detachments to guard them.

69. Owing to the prevalence of religious and political movements inimical to British rule, the martial character of its numerous population, and the fact that it is the great recruiting ground of the Indian Army, the Punjab must be regarded as an area in which special precautions are necessary for the maintenance of internal security. By holding places of strategical importance, such as Rawal Pindi, Lahore, Amritsar and Ferozepore, and keeping open our lines of communication from Lahore through Multan and Samasata to Karachi, through Bhatinda and Delhi to Bombay, and through Amritsar and Ambala to Bombay, our position will be sufficiently safe in the Punjab to allow of our recovering from any checks which our moveable columns might suffer, either to the east or west of Lahore. Our first strategic objective, therefore, should be to secure our position at these points and on these lines, and to refrain from subsidiary undertakings which, though important in themselves, would not contribute towards the success of the main operations. In carrying out this policy we may hope to be assisted by the almost equal division of the inhabitants of the province between Musalmans and Hindus. If the Muhammadan population were with us, we should try to apply the resources of the Rawal Pindi area to quell a revolt among the Sikhs or Hindus of the Amritsar, Jullundur, Ludhiana and Ambala districts. We would also be able to interpose between the Sikhs and the Dogras, and prevent any hostile combination between the Phulkian States and Kashmir. Similarly, if the Sikhs and Hindus were with us, and the insurrection was among the Muhammadans, we should endeavour to reverse the process, and utilize the resources of the Phulkian States to crush the turbulent Musalmans of the Salt Range.

The United Provinces Zone.

70. The United Provinces Zone is divided into three areas, *viz.* :—

- (i) The Meerut Area.
- (ii) The Oudh Area.
- (iii) The Allahabad Area.

71. The population of the United Provinces is 48 millions, of which 41 millions are Hindus and 7 millions Musalmans. The people have many of the characteristics of those of the Punjab,

General remarks. but are less virile in their attributes, and on the whole more easily controlled. It still contributes a large number of soldiers, chiefly Rajputs and Brahmans, but since the mutiny of 1857 the Punjab has replaced it as the principal recruiting ground of the army.

72. Musalmans are found in large numbers round Delhi, Meerut, Lucknow, Bareilly and Azamgarh, but, generally speaking, they are scattered throughout the province instead of being concentrated in certain districts as is the case in the Punjab. It is only in Rohilkhand and the Native State of Rampur that they can claim to be in the majority. As a rule, it may be said that Musalmans are most numerous in the towns, and Hindus in the villages. The latter are in every sense the dominant class, and the United Provinces, with the sacred cities of Muttra, Ajudhya, Allahabad and Benares, may be regarded as the centre of Hindu orthodoxy.

73. Of the towns in the Meerut Area, Delhi, the Imperial city of India, with its fine old fort and a population of 208,000, is of paramount political and strategical importance, not only on account

of its historical associations but also because it is the eastern gate of the Punjab on which the railways from Calcutta and Bombay converge. In the event of a great uprising it has been predicted that Delhi will be the centre to which the rest of India will look for guidance as it did in 1857. As a focus of railway communications covering the bridge over the Jumna, a radio-telegraph station, and the restored capital of India, the security of Delhi must be made absolutely certain.

74. Agra, as the centre of the Indian telegraph system, is also of strategical importance. It has a population of 158,000, and is a railway junction commanding two bridges over the Jumna. It contains a fort, and is the base from which a moveable column would be despatched against Gwalior, in co-operation with another from Jhansi, should disturbances occur in that State. Meerut, with a population of 118,000, is a flourishing town, and owes its importance to the strength of its garrison. This importance will, however, be reduced in proportion as that of Delhi is increased. Bareilly has a population of 131,000, and besides controlling the turbulent Muhammadans of Rohilkhand and Rampur, is the principal link in the communication between Lucknow and Ambala.

75. The population of this area is chiefly Hindu, and provides a considerable number of soldiers for the army. In Delhi and the upper portions of the Jumna-Ganges Doab, the liberal ideas of the Arya Samaj enjoy a considerable popularity. This is balanced, however, by the orthodoxy of Muttra and the lower Doab, where Hinduism is of the conservative type, and the people loyal and strongly opposed to the Arya doctrines except as regards the protection of kine.

76. Of the railways running through this area, the East Indian, North-Western, and Great Indian Peninsula Railway lines, leading from Delhi towards Calcutta, Lahore and Bombay, and the Oudh and Rohilkhand main line from Lucknow to Saharanpur, are those which must be protected on account of their strategic importance.

77. Delhi, Agra, Meerut, Bareilly, Muttra and Fatehgarh require to be held. Detachments are necessary for the protection of the railways, and moveable columns, based on Delhi, Agra, Meerut and Bareilly, respectively, are required for the maintenance of order.

78. The Oudh Area is thickly populated and includes a number of large towns. Lucknow, the capital of Oudh, and a large railway junction, is the place of first strategic importance. It has a population of 264,000, which includes some unruly elements. It has large railway works which, with the railway station, form part of a defensive post.

79. The Hindu element preponderates in the population of Oudh. A large proportion of the people have martial traditions and instincts, and the Rajputs and Brahmins furnish the army with a considerable number of soldiers. Oudh is the country that gave the most trouble in the mutiny, the people, though fighting against odds, being the first to commence hostilities and the last to give in. Under the influence of the Pax-Britannica the martial qualities of Hindustanis are supposed to have deteriorated. They are nevertheless good fighting men, and Oudh, after the Punjab and Nepal, continues to be our best recruiting ground.

80. The devotion of the Rajput clans to the Talukdars, who are their tribal leaders, is not as great now as it was in 1857. It is still, however, a factor to be reckoned with, and as the Talukdars are among the most loyal of the Indian nobility, their influence in the maintenance of order should prove valuable.

81. Ajudhya, near Fyzabad, is one of the headquarters of Hindu orthodoxy, and though the Arya Samaj has its branches in most of the towns of the province, it meets with little support in the villages where it is regarded as a dangerous heresy. Dislike for the Arya Samaj, however, does not prevent sympathy for the Gaurakshini Sabha or anti-cow-killing movement, which, in a population so largely composed of high-caste Hindus, might be made the pretext for a dangerous political agitation.

82. Aligarh is an important centre of Muhammadan thought and learning, and Lucknow is the headquarters of the All-India Moslem League. The latter is a political association of some importance which Indian Musalmans are trying to enhance by establishing Anjumans all over India. Their object in doing so is to safeguard Muhammadan interests which are threatened, not only by the growth of a national spirit among Hindus, but also by the fact that the superior education of the latter enables them to secure more posts under Government. Indian Moslems fear that the Government of India may become Hindu in fact though British in form, and that their fate may be that of the Moors in Spain.

83. The Mosalmans of the United Provinces—especially the Rohillas of the Bareilly district—gave considerable trouble in 1857, and might, in certain circumstances, again prove difficult to control. There is in the population of certain large towns such as Bareilly, Lucknow, Allahabad and Azamgarh, a turbulent and fanatical Muhammadan element which, in the event of a *jehad* on the North-West Frontier, might be expected to display its Islamic sympathies by rioting and attacks on Christians and Hindus. The serious anti-kine killing disturbances, which occurred at various places in the Azamgarh district a few years ago, afford a good example of the bitterness of local religious animosities, and of the rapidity with which the smouldering fanaticism of the Moslem populace can be aroused.

Lucknow and Gorakhpore are the places in this area which require to be held, and a moveable column, based on Lucknow, is also necessary to suppress local disturbances.

84. The principal place in the Allahabad Area is Allahabad itself, a city with 172,000 inhabitants and a place of great sanctity to Hindus owing to its being situated at the confluence of the Ganges and Jumna. It is a railway junction, and possesses a historical fortress containing a first-class arsenal. It has a radio-telegraph installation communicating with Delhi and Calcutta. It is a place of great strategical importance, covering three railway bridges across the Ganges and Jumna. As was the case in 1857, it would be the base of any force operating in Oudh from the east.

85. Next to Allahabad, Cawnpore is the town of most importance. It has a population of 197,000, and is a great industrial and railway centre, with factories for the manufacture of boots, harness, tents, woollens and cottons, on which the army largely depends. Its mill population constitutes a troublesome element which has caused serious riots on several occasions. The probability of strikes and disturbances is increased by the fact that the Arya Samaj has many adherents among the wealthy Hindu traders of the city, and that it is trying to extend its influence among the workers in the leather factories, who, being mostly Chamars, belong to the depressed classes which the Aryas are trying to attract to their fold.

86. To the south of this area are the States of Gwalior and Rewah. The former will be noticed later, when referring to the Central India Area. The latter maintains a force of about 3,000 men which, though poorly armed and ill disciplined, might give trouble in certain eventualities.

87. Allahabad, Cawnpore and Benares have to be held. The security of the East Indian Railway has to be provided for, and moveable columns based on Allahabad and Cawnpore are required for the maintenance of order.

*The Bihar, Bengal and Assam Zone.**

88. The Bihar, Bengal and Assam Zone is divided into two areas, *viz.* :—

- (i) The Presidency Area.
- (ii) The Assam Area.

89. The population of Bihar, Bengal and Assam is 80 millions, of which about 50 millions are Hindus, and 25 millions Musalmans. Except in General remarks. and around Patna, where there is a numerous Musalman population, the large majority of the people of Bihar are Hindus. They differ essentially from the people of Bengal, being a sturdy race, approximating to the type which is found in the United Provinces.

90. Though the Arya Samaj has its branches in most of the principal towns, it has little influence among Biharis, who, like the people of Oudh, generally incline to orthodoxy. From its proximity to Bengal, Bihar has been tainted to some extent with the spirit of disaffection which prevails in that province. This is, however, chiefly confined to the educated classes, and is held in check by the influence of powerful zamindars, like the Raja of Darbhanga, who have identified themselves with the moderate party which seeks to realise its political aims by constitutional means, and which is, therefore, opposed to the violent methods of the Bengali extremists. These zamindars thus exercise much the same influence in Bihar as the Talukdars do in Oudh, and though, as the natural leaders of the people, they might in certain contingencies prove dangerous, their influence is generally favourable to the support of authority and the maintenance of order. Apart from religious disputes between Hindus and Musalmans, the more probable causes of disturbances in Bihar are riots arising either from the spread of the anti-kine-killing propaganda, or from agricultural disputes between cultivators and the European planters.

91. The population of Bengal proper is mainly Hindu in the western portion of the province, the Musalmans being most numerous in the eastern districts bordering on Assam. In the regularity of the distribution of its population, Bengal thus bears some resemblance to the Punjab. Like the latter it is divided into two portions, one chiefly Hindu and the other mainly Musalman. This is a factor of importance in the maintenance of internal security, as from the bitterness of their religious animosities, it reduces the likelihood of a general anti-British combination.

92. Though the impulse for the seditious propaganda which has brought the disloyalty of Bengal into prominence during the last few years, came originally from Bombay, it has developed to an extent that was never foreseen, owing to the virulent tone adopted by the Bengali Press, and the emotional side of the Bengali character which was immediately attracted by the cry of 'India for the Indians.' In order to give the national movement religious support, the agitation in Bengal was based on the Hindu doctrine of asceticism, but with this difference that self-sacrifice, instead of being directed to the salvation of the individual, was to be directed to the salvation of the motherland, deified for the purpose as the goddess Kali, a savage blood-drinking divinity, who could only be appeased by human sacrifice. This, and the teachings of Mazzini and other revolutionists who brought about the emancipation of Italy from Austrian control, have encouraged anarchism of an extremist type which has taken the form of assassination, bomb-throwing and political dacoity. The irritation caused by the Partition of Bengal gave the agitation the motive it required, and popular enthusiasm was fanned into a flame by the campaign of vilification carried on by the Native Press against Government, and by the distribution of leaflets containing incitements to anarchism and revolution. The nationalist propaganda in Bengal, like the Arya Samaj propaganda in the Punjab, represents the revolt of Hinduism against Western ideas. Like the latter, it is anti-Christian and anti-Islamic, and it thus tends, not only to encourage hatred of British rule, but to embitter the relations between Musalmans and Hindus and provoke religious riots.

93. The reversal of the Partition of Bengal, the grant of various political concessions, and the loyalty evoked by His Majesty's recent visit, have caused a lull in political agitation, and sedition is less aggressive than it was. The anti-British sentiment, however, remains,

* The changes brought about by the creation of the new province of Bihar and Orissa, the re-union of Eastern and Western Bengal, and the conversion of Assam into a separate province, have not been overlooked. They have not yet, however, been taken into account in the allotment of security areas, but the latter are about to be re-arranged in accordance with the re-grouping of civil areas.

and signs are not wanting that the slightest pretext will suffice to revive its activity. As the peaceful character of the Bengali makes it unlikely that anything like a revolt could be organized in Bengal, the form which sedition is there most likely to take is the intimidation of persons who do not support the nationalist propaganda, and the organization of political dacoities which throw discredit on British administration by showing its powerlessness to protect life and property. Moreover, as local industries increase, strikes among mill-hands, dock coolies, coal miners, railway employés, etc., may be expected to occur more frequently, all of which may demand military force for their suppression.

94. The extent of the Presidency Area, which embraces Bihar, Bengal and Orissa, is enormous, but the bulk of its inhabitants are conspicuously unwarlike. The place of chief strategic im-

The Presidency Area.

portance is the defended port of Calcutta. Besides being the capital of Bengal, it is a wealthy city with an expanding trade and a population of 1,107,000. It is not only the greatest seaport in India, but one of the largest in the world. It is the base from which the British dominion has gradually spread westward and absorbed Northern India and the Punjab. It possesses fine docks, is a great shipping centre, and the terminus of four extensive railway systems. It contains a dockyard, a fort, a mint, a first-class arsenal, and a radio-telegraphic installation communicating with Allahabad. In its neighbourhood are the clothing factory at Alipore, the cartridge factory at Dum Dum, the rifle factory at Ishapore and the gun foundry at Cossipore. Besides Government factories, it is the centre of the jute-weaving and other industries, which give employment to thousands of operatives who form the turbulent element in a population which is easily excited by Bengali agitators.

95. Calcutta is one of the ports at which troops would be landed, should reinforcements be despatched to India. It is defended from the sea by the fort at Chingri Khal; but the difficult navigation of the Hooghly is perhaps its greatest security.

96. Close to Calcutta are Asansol, Jamalpur and Khargpur, great railway centres with extensive works and engine sheds which require protection. The strategic importance of Asansol is enhanced by the fact that near it are the Bengal coal fields. The stoppage of their coal supply would not only paralyse the railways throughout India, but would entail a cessation of business in the Calcutta mills, and throw their turbulent employés out of work. It is therefore necessary to have troops at hand to prevent the destruction of property by strikers or insurgents, and to supervise the working of the mines with forced labour if necessary. Next to Calcutta, Dacca may be regarded as the most important city in the province. It has a population of 90,542 and is the centre of a densely populated district. It was until recently a provincial capital, and is the principal town in Eastern Bengal, the people of which are chiefly Musalmans as opposed to those of Western Bengal who are mostly Hindus. The Muhammadan population of Eastern Bengal is discontented owing to the annulment of the partition of Bengal which is regarded by them as a betrayal by Government of their interests. This, however, is a passing grievance and does not necessarily affect their loyalty. They fully realise that the national spirit which is at work among Hindus is directed as much against themselves as against Christians, and that it is consequently to their interest to support British authority.

97. After Dacca, the town of chief importance is Patna, the capital of Bihar. It has a population of 153,000 which is chiefly Musalman, although the people of the surrounding country are mostly Hindus. The Patna populace gave a good deal of trouble in the mutiny, and it would again prove troublesome if it got out of hand. Patna is without a garrison, and if the troops were withdrawn from the neighbouring cantonment of Dinapore, on a general mobilization, the place would be left without protection. This is a defect which it is now proposed to remedy, as apart from the importance of providing a garrison for what is now a provincial capital, it is desirable that there should be some link in the communications between Calcutta and Allahabad.

98. Fort William, Barrackpore, Dum Dum, Dacca, Ranchi, Asansol, Muzaffarpur, Jamalpur and Khargpur are the other places in the area which have to be held, under existing plans, and special arrangements are necessary for the protection of the East Indian Railway, from Calcutta to Moghul Sarai, from the attempts of Bengali anarchists.

99. The Assam Area, though large in extent, is not of much military importance. It is largely peopled by uncivilized races which break out at intervals and raid upon their neighbours.

When these raids assume serious proportions, expeditions are sent out to punish the offenders; but ordinarily the military police suffice to keep the people in order, and the fact that it is possible to maintain the authority of Government in this province without employing a single British soldier, is a remarkable testimony to the general good behaviour of the Assamese and to the efficacy of government by prestige.

100. Shillong, the capital of the province, is a place of no importance beyond the fact that it is the seat of Government. Dibrugarh is the centre of the tea-growing industry and of the plantations.

ing community from which two very efficient volunteer corps are recruited. Near it, at Mar-gherita and Ledo, are important coal mines. Manipur, with a population of 67,000, is the capital of a Native State, and, though quiet now, has been a source of political trouble in the past.

101 Owing to the Brahmaputra, which gives a safe and indistructible line of communication throughout the area, railway lines are of less importance in Assam than they are in other parts of India. The most important of them are the Assam-Bengal line running from Chittagong to Sadiya, and the line running from Calcutta to Sara Ghat on the Ganges, and thence *via* Kuch Behar to Gauhati on the Brahmaputra, joining the Assam-Bengal line at Lumding. This line will increase in strategical importance when the Sara Ghat bridge is completed, as Sara Ghat will then be the junction where the metre gauge system of Northern Bengal and Assam will connect with the standard gauge system of the rest of India. 1

102. Gauhati and Dibrugarh are places requiring to be held, and small moveable columns of volunteers and military police, based on various places in the Assam Valley and Manipur, are also necessary to ensure the maintenance of order.

The Rajputana and Central India Zone.

103. The Rajputana and Central India Zone is divided into three areas, *viz* :—

- (i) The Nasirabad Area.
- (ii) The Central India Area.
- (iii) The Jubbulpore Area.

104. The population of this zone is about 20 millions, of which 2 millions are Musalmans and 18 millions Hindus. The characteristics of the people vary considerably. In the Nasirabad Area,

General remarks.

which includes the Native States of Cutch, Kathiawar and Rajputana, the majority of the people are Hindus, Rajputs being the dominant class. In the Central India Area the Hindu element also prevails, but it includes Mahrattas as well as Rajputs, and Musalmans are represented though only in small numbers. In the Jubbulpore Area the Hindu element largely preponderates, the more important classes being Mahrattas and Gonds. Rajputana furnishes the army with a good many soldiers, the classes enlisted being Rajputs, Jats, Gujars, Mers and Minas, also a few Musalmans such as Kaimkhani and Merats who are mostly converted Hindus. The Central India Area produces no soldiers except a few Rajputs from Gwalior, and the Jubbulpore Area is even more barren as a recruiting ground although the Gonds furnish good material for the police.

105. The Nasirabad Area comprises the Rajputana and Kathiawar Agencies which are made up almost entirely of Rajput States, the loyalty of whose Chiefs can with considerable

certainty be depended upon. The more important of them are Jodhpur, Bikanir, Jaipur, Alwar, Bharatpur and Udaipur. These States between them maintain 4,500 Imperial Service, and 20,000 State troops. This force would be a source of danger but for the reliance that can be placed upon the classes of which it is composed, so that the area need not be very strongly held. The railways running through it are all on the metre gauge, and as they will not be of much value after the initial concentration of the field army has been completed, they do not require to be closely guarded. Ajmere requires to be held as it is a railway junction with workshops of some importance. A small moveable column is also necessary for the maintenance of order in the locality. The people of Rajputana are mostly orthodox Hindus and are less affected by modern ideas than any other class in India. The Arya Samaj, however, has considerable influence in Ajmere itself, which is extending among certain classes such as the Mers and the Minas.

106. The Central India Area is one of the most important in India owing to the number of powerful Native States which it includes. The most

The Central India Area.

important of them are the three Mahratta States of Gwalior, Indore and Baroda, and the Muhammadan State of Bhopal. The remainder, though important collectively, are individually insignificant. These States between them maintain 5,000 Imperial Service, and 18,000 State troops. Reliance cannot be placed either on the loyalty of the Mahratta States, or on the fidelity of the State troops to their rulers, the latter being Mahrattas while their subjects are largely Rajputs who might not follow them in case of trouble. The troops of Indore and Baroda are not of much military value. Those of Gwalior are very well trained, but they are mostly mercenaries, recruited from outside the State, and therefore unreliable.

107. The fact that the main line of railway from Bombay to Delhi passes through Gwalior, adds greatly to the strategical importance of the State, owing to the control which it confers on the latter over one of our principal lines of communication. The military problem of this area is thus one of considerable difficulty, for besides the Bombay-Itarsi-Gwalior-Delhi line, the Bombay-Rutlam-Muttra-Delhi line has also to be protected.

108. Mhow, Jhansi, and Baroda have to be held, and moveable columns based on these places are required for the security of the area. The Jhansi column, in conjunction with one at Agra, is required to watch Scindia's forces at Gwalior; while the Mhow column is required to overawe Holkar's troops at Indore, and if necessary those of the Gaekwar at Baroda. The garrison and moveable column maintained at Baroda is for the protection of the Gaekwar under the provisions of an ancient treaty. Ahmedabad, a manufacturing town with a population of 185,000, is the most important city in this area, and only second to Baroda as a centre of disaffection. Any stoppage of work in its factories would throw numbers of mill hands out of employment and probably lead to serious rioting.

109. The limits of the Jubbulpore Area correspond with those of the Central Provinces and Berar. The population is a very mixed one, and includes many aboriginal tribes. Mahrattas form

the dominant class, but the Chitpawan Brahmans are numerous in the towns, especially at Nagpore, where their anti-British propaganda meets with considerable sympathy. There are a good many cotton factories in the area with the usual troublesome mill population, but generally speaking the people are law abiding, though the aboriginal tribes occasionally give trouble. The area includes a number of small Native States, but their power for mischief is very small. They are inhabited chiefly by aboriginal tribes and their rulers have as a rule no sympathy for the aims of Indian agitators.

110. The most important town in the area is Nagpore, the capital of the Central Provinces. It has a population of 100,000 and is a flourishing trade centre. Sitabaldi, its defensive post, will shortly be equipped with a radio-tel graphic installation. The place of next importance is Jubbulpore which has a population of 90,000 and a gun carriage factory. Nagpore and Jubbulpore require to be held, and moveable columns, based on these places, are necessary for the maintenance of order. The railways passing through the area which require special protection, are the lines from Itarsi through Jubbulpore to Allahabad, and that from Bhusawal to Nagpore.

The Bombay and West Coast Zone.

111. The Bombay and West Coast Zone is divided into two areas, viz. :—

- (i) The Poona Area.
- (ii) The Sind Area.

112. The country included in this zone corresponds with the limits of the province of General remarks.

Bombay. The Poona Area includes the whole of the province of Bombay except Sind, and has a population of 15 millions. The Sind Area has a population of 3 millions. The people of the Poona Area are mostly Hindus, the Mahrattas being the dominant class. Those of the Sind Area are mostly Muhammadans, Baluchis being the leaders of the population which includes many of Arab and Brahui descent.

113. In the Poona Area the people of most importance from a military point of view are the Mahrattas. They have martial traditions, and under Shivaji and his successors bid fair at one time to establish a Hindu Empire at Delhi, in substitution of that of the Moghuls. They number about 4 millions, and though they have to a great extent lost the warlike spirit of their forefathers, they contribute a fair number of soldiers to the army. It would perhaps be unjust to brand them with disloyalty as a class, but it is a fact beyond dispute that the national aspirations and the anti-British propaganda fostered by the Chitpawan Brahmans of Nasik and Poona, who for centuries have been the keepers of the Mahratta conscience, meet with wide acceptance in the Dekhan. The Dekhani Brahmans are famous throughout India for their intellectual qualities, and among them the Chitpawans admittedly take the leading place. The Peshwas of Poona who, as the hereditary ministers of Shivaji's descendants, controlled the Mahratta confederacy, were all Chitpawan Brahmans, the last of the line being the notorious Dundhu Panth, better known as the Nana Sahib, who was the leader of the conspiracy which resulted in the revolt of 1857. A traditional hatred of British rule has been handed down to the present generation, and the Chitpawans of to-day are remarkable for their implacable hostility to Government and their open advocacy of political assassination. By canonising Shivaji as a national hero and the saviour of Hinduism from Muhammadan oppression, they have secured the support of a considerable portion of the Mahrattas, and established the theory that murder is lawful when committed for political purposes. By developing the Ganpati cult, i.e., the worship of Ganesh the God of good luck, and posing as the champions of the mill hands of Bombay, Ahmedabad and Nagpore, they have acquired great influence over the industrial population of the Dekhan, Guzerat and the Central Provinces, and are thus able to embarrass the authorities by stirring up strikes and riots. Their influence is extended by the newspapers

they control, and the Sabhas which they have established all over Bombay and the Central Provinces. Their power is increased by the fact that owing to their ability and administrative capacity they pervade every branch of the local administration, being employed in the railways, the telegraphs, and all the Government offices. The Chitpawans of the Dekhan, together with their imitators the nationalists of Bengal and the Arya Samajists of the Punjab, are the professional agitators to whose action almost all political unrest may be ascribed.

114. The Sind Area calls for no special remarks. The people are loyal and well behaved and sedition has only penetrated to the Hindu and Sikh trading classes. The latter are, however, so much in the minority, as to be politically of little account.

115. Although Bombay lies within the Poona Area, it has nothing to do with it, being a defended port with a separate garrison which does not form part of the troops allotted to internal security.

Bombay has a population of 776,000, which includes many turbulent elements. It is the capital of the province of Bombay, and has a mint, a dockyard, and will soon have a radio-telegraphic installation communicating with Delhi and Simla. It has mills, and factories and is a great shipping and trading centre. It is also one of the bases of the East India Squadron and has a naval magazine and considerable defences. As the starting point of the railways leading to Delhi and Allahabad, and thence to Peshawar and Calcutta respectively, and one of the places where reinforcements from England and other parts of the Empire would be landed, Bombay is only second to Delhi as a place of strategic importance.

116. Poona and the adjacent cantonment of Kirkee where there is an arsenal and ammunition factory is, after Bombay, the principal town in this area. It has a population of 153,000 which is largely composed of Mahrattas and Brahmans, and is very susceptible to the influence of political agitators. To the south of it are Satara, Kolhapur, and Belgaum also surrounded by Mahrattas and exposed to similar conditions. The proximity of the Portuguese settlement of Goa, and the facilities which it affords for the smuggling of arms into the Mahratta country, is a danger connected with this area which should not be overlooked. The Maharaja of Kolhapur, as the representative of the dynasty founded by Shivaji, is the natural leader of the Mahrattas, though probably the Maharaja of Gwalior would exercise greater influence. The State maintains a few troops which, except as the nucleus of a revolt, are of small military value. The present ruler of the State does not favour the intrigues of the Chitpawan Brahmans, but the influence of the latter is very great, and extends from Baroda to Mysore, and from Bombay to Nagpore.

117. Deolali, Kirkee, Ahmednagar, Satara and Belgaum, have to be held, and moveable columns based on Poona, Santa Cruz, and Belgaum are necessary for the maintenance of order. Provision must also be made for guarding the railways from Poona to Bombay and Belgaum, and those leading from Bombay towards Delhi.

118. By far the most important town in this area is Karachi. It is a defended port, a cable landing station and has a second-class arsenal. It has a population of 116,000 and is the

third seaport in India with a rapidly expanding trade. Karachi has great facilities for the disembarkation of troops, and it would be one of the principal ports of entry for reinforcements from England in the event of a campaign on the North-West Frontier.

119. The security of the railway running from Karachi to Sukkur is of great importance, but with the exception of the great bridges over the Indus at Kotri and Sukkur there are few works on this line which require to be guarded. The construction of the Trans-Persian Railway and of the broad gauge connection between Ahmedabad and Hyderabad would increase the responsibilities of this area in the matter of railway protection. The maintenance of order in the area is secured by a small moveable column based on Karachi.

The Madras and East Coast Zone.

120. The Madras and East Coast Zone consists of two areas, viz. :—

(i) The Madras Area.

(ii) The Hyderabad Area.

121. The limits of this zone coincide with those of the province of Madras and the Native States of Travancore, Mysore and Hyderabad.

General remarks. The population of the zone is about 63 millions, of which 2 millions are Christians, 4 millions are Musalmans and 57 millions either Hindus or Animists. The Madras Area is of vast extent, but the population includes few fighting classes, and now furnishes very few recruits to the army. The only troublesome people included therein are the Moplahs of Malabar, who are liable to occasional outbreaks of fanaticism. The great bulk of the people are quiet and orderly, and though seditious newspapers have encouraged

nationalist aspirations and stimulated the anti-British propaganda, their efforts have influenced the educated classes only, the large majority of the people being far too ignorant and apathetic to interest themselves in politics. The Brahmins possess great influence, and, as in Bombay, many use it to create hostility towards Government and encourage anarchism and assassination. The population is, however, largely composed of what are known as the 'depressed classes', i.e., classes which are outside the pale of Hindu society, and which are derived from the Tamil and Telugu-speaking Dravidian races which occupied the Indian peninsula before the advent of the Aryans. Among people of this kind the efforts of Hindu reformers and agitators meet with little response, for they are less attracted by Hinduism than they are by Christianity, as the latter emancipates them from the thralldom of caste. Muhammadanism in Southern India acts as an even more effective check upon Hindu national aspirations than Christianity, for the Musalman State of Hyderabad there gives Islam a political and religious rallying point, and prevents the disregard of Muhammadan interests through the greater political activity of their Hindu rivals.

122. The Madras Area is a very large one, but the population is not a difficult one to control, and the volunteers, who are very numerous, are in

The Madras Area.

a position to give considerable assistance in the

maintenance of order. Mysore and Travancore, which are the only Native States of any military importance, maintain between them about 5,000 troops, those of Mysore being very efficient. Madras, the capital of the province, is the place of principal importance. It has a population of 500,000 and is a seaport and railway centre with a considerable trade. It has a fort, an army clothing factory and an arsenal, and is also a cable-landing station.

123. Bangalore, with a population of 159,000, is an important railway centre, and dominates Mysore. It will be the Indian station in the chain of radio-telegraphic communication which is to link up every portion of the Empire. Coonoor is also of importance, as near it, at Aruvankadu, is the only cordite factory in India. The railways requiring special protection in this area are the main lines leading from Madras towards Bombay, and the branch lines to Bangalore and Coonoor. Madras, Wellington, Ootacamund, Cannanore, Calicut, Cochin, Trichinopoly, Bezwada, Waltair, Yercaud and Bangalore are to be held, under existing plans, and a moveable column, based on Bangalore, is necessary for the maintenance of order. Using the network of railways that radiate from Bangalore, it can be despatched in any direction as required.

124. Secunderabad, which dominates Hyderabad, is the principal place in the Hyderabad Area. The population of the Hyderabad State is

The Hyderabad Area.

a very mixed one, comprising, among other classes,

a number of Rohillas and Arabs who are very turbulent. Trimulgherry, the defensive post of Secunderabad, has to be held; and the safety of the railway which runs from Secunderabad through Wadi towards Poona and Bombay has to be provided for. The remainder of the force stationed in this area takes the place of the late Hyderabad Contingent, and is available under our treaty obligations to the Nizam, for the safety of his person, and the suppression of disorder in his dominions. Besides overawing the Hyderabad State, which maintains nearly 20,000 troops, the forces in this area could be utilised for suppressing disturbances either in the Mahratta country, or in the Central Provinces, in conjunction with those of the Poona and Jubulpore areas. At the same time local émeutes are liable to occur which, if not checked, may spread, and there are no troops between Trichinopoly and Cape Comorin.

The Burma Zone.

125. The Burma Zone forms only one security area which includes the defended port of Rangoon. Burma has a population of over 10

millions, the majority of whom are Buddhists. The

people have settled down since they have been disarmed, and give no trouble politically. Though occasionally inclined to dacoity, they are, generally speaking, law-abiding and easily controlled. Except in the case of the tribes in the Chin Hills, and along the border separating Burma from China, armed force has now seldom to be resorted to.

126. Rangoon, the capital of the province, with a population of 234,000, is a place of great and growing importance. It contains an arsenal, and has an expanding trade, one of its principal exports being mineral oil which is in increasing demand as fuel for warships. Mandalay, the old capital of the country, is an important strategical centre, as near it is the junction of the railways from Rangoon, Lashio and Myitkyina, and the bridge over the Irrawaddy, which is now under construction. Railways, however, are of less importance in Burma than in India, as the Irrawaddy, with its well-equipped steamers, affords a safe line of communication from Rangoon to the north of the province.

127. The task of preserving internal security in Burma is facilitated by the presence of a large and efficient force of military police, which also furnishes the garrisons of the posts in the border districts. The growth of sedition in India has not had any noticeable effect on the people of Burma, and the Indian population of the province is not large enough to create serious disturbances unless it took the form of a mutiny of the military police, which is an

unlikely contingency, as the force is quartered in the midst of an alien population. From the point of view of internal security, therefore, the position of the province may be regarded as satisfactory.

The Aden Zone.

128. Though outside India, Aden is under the Government of Bombay, and, as one of the Indian defended ports, must be included in this appreciation. With its dependency of Perim, it commands the entrance of the Red Sea, and, as a coaling place on one of the great trade routes to the East, it is of great strategical importance. Its population of 40,000 is entirely Musalman, and, with the exception of a few Indian traders and officials, consists chiefly of Arabs and Somalis. It would only be dangerous in the case of a general Muhammadan movement throughout the East. Besides Perim, the Kuria Muria Islands and Socotra are dependencies of Aden. Aden is to be a station in the chain of radio-telegraphic communication, which is to link up every portion of the Empire, and is also a landing place for cables.

129. The Resident at Aden exercises political control over the Arab tribes included in the Aden Protectorate. The latter could muster some 50,000 fighting men, of whom probably half would be armed with modern weapons. The behaviour of the Protectorate Arabs in the event of a *jehad* against Europeans, or of a dispute between Great Britain and Turkey, would depend in great measure upon the attitude taken up by the Arabs of Yemen and Asir. In spite of their constant feuds with the latter, the Protectorate Arabs would probably join hands with their rivals, if the quarrel of the Yemen Arabs with the British was inspired by religious fanaticism.

Summary.

130. The conclusions arrived at from a study of the internal conditions may now be summed up. The maintenance of the authority of the Civil Power being the main requirement, it is seen that its authority is most threatened by the chance of serious rebellion, whether occasioned by a wave of religious feeling, such as an outburst of Moslem fanaticism or the anti-cow-killing movement, or engineered by seditious agitation, or secretly set in motion and supported either by disaffected native rulers or by external agencies.

131. Northern India, i.e., the Punjab and the United Provinces, is the region in which a successful rebellion would be fraught with the most serious consequences. It is the great recruiting ground of the Indian Army, and a revolt of its martial population, which might easily spread to the troops, would tax the military resources of Government to the uttermost. Delhi is the strategic centre of Northern India upon which the railways from Bombay and Calcutta converge, and from which other lines radiate to Peshawar, Quetta, and Karachi. To hold Delhi, the Imperial capital, is to dominate Northern India, and to dominate the latter is to ensure the submission and tranquillity of less warlike portions of the country, such as the Dekhan, Bengal and Madras. The security of Delhi, and of the railways which link it to the sea-bases of Bombay and Calcutta, may, therefore, be regarded as the basis of India's peace strategy.

132. Next to Northern India, the powerful Mahratta States of Gwalior, Indore, and Baroda in Central India, may be regarded as the principal danger from the strategic point of view, as from their central position, commanding our principal lines of communication between Bombay and Delhi, they are in a position to give the lead in any great Hindu revolt, especially if it originated in the Mahratta country with which their rulers are racially connected. Their rulers may be trusted to be loyal to the British Government in their own interests, so long as circumstances do not force them to a contrary course. In their own States they are strangers in a strange land.

133. The powerful Native States of Southern India, though not perhaps probable sources of danger, also demand attention; nor is it safe to assume, in spite of the accepted loyalty of their chiefs, that the power of the Rajput States does not require suitable military provision. These chiefs are merely "*primi inter pares*"; they are continually at variance with their Thakurs, and so the Chief being loyal, his Thakurs or some of them may take a contrary course; as did the Thakur of Awah in the mutiny when his Chief, Jodhpur, remained staunch.

134. Rebellion, as the fruit of seditious agitation, appears most probable in Northern India, less likely in the Dekhan, and least likely in Bengal.

135. Strikes, possibly also incited by agitators, would be most likely to lead to trouble in large industrial centres, such as Calcutta, Asansol, Cawnpore, Ahmedabad, Nagpore, etc. They are likely to occur with increasing frequency as the industrial development of the country progresses. They may be expected among postal, telegraph and railway employés, as well as among the operatives of mines, mills, workshops and dockyards. The creation of labour disputes offers a fine field of activity for the professional agitator, and the excitability of the people increases the probability of their resulting in riots requiring force for their suppression. Strikes among telegraph and railway subordinates are likely to

be brought about with political objects, as most of them belong to the educated classes amongst whom the anti-British propaganda has made considerable progress. Men of these classes are fully aware of the inconvenience which a strike would cause, especially if it occurred either when mobilization was in progress or when internal disturbances necessitated considerable movements of troops. The Arya Samaj element is strongly represented on the staff of the railways which radiate from Delhi, and the Chitpawans are equally numerous on those of the lines which start from Bombay. The same may be said of the telegraph service, which, in Northern India, is largely composed of Arya Samajists, and in Western and Central India of Dekhani Brahmans. Both these classes are numerously represented in Government offices, where they are in a position to carry on an effective system of espionage, by which the leaders of the political societies to which they belong are supplied with early information as to the actions and intentions of Government.

136. All these conditions require the provision of military forces suitably situated to deal with them, while a very important requirement is indicated by the necessity for safeguarding the railway and other communications upon which depend the power of the military forces both to arm and supply themselves, and to be conveyed to the disturbed areas for the suppression of local risings which, if not dealt with at once, might spread and develop into serious rebellions.

137. The railways of greatest importance from this point of view are :—

- (i) The Great Indian Peninsula Railway from Bombay to Delhi.
- (ii) The Bombay, Baroda and Central India Railway from Bombay to Muttra.
- (iii) The East Indian Railway from Calcutta to Ambala and in a less degree to Kalka.
- (iv) The North-Western Railway from Ambala to Lahore ; from Delhi to Lahore via Bhatinda ; from Lahore to Kaiachi ; from Sukkur to Chaman ; and from Samasata to Jand.
- (v) The Great Indian Peninsula Railway from Bombay to Raichur.
- (vi) The Madras and Southern Mahra ta Railway from Raichur to Madras.

138. Lastly, the security of places important in themselves demands careful attention. Such places are capitals, such as Delhi, Calcutta, Madras, Bombay, Lahore and Patna ; great defended parts, such as Calcutta, Bombay, Karachi, Rangoon, and Aden ; military arsenals and factories, such as Rawal Pindi, Ferozepore, Quetta, Allahabad, Dum Dum, Ishapore, Coonoor, and Jubbul-pore ; and points of great strategical importance among which Delhi, Allahabad and Quetta again appear, with the addition of Lucknow, Agra and Peshawar. There are also a few other places having forts of some strategical value, such as Jhansi, Mhow, Sitabaldi, Multan, Attock and Govindgarh.

Final Remarks.

139. It is usual to conclude an appreciation with some recommendations to meet the situation it discloses ; but, in this instance, all such action lies within the province of the Army in India Committee. It may, however, be convenient to summarise some of the most prominent tendencies indicated by the circumstances dealt with in this paper :—

- (a) Although the external conditions may at present be less onerous than was the case a few years ago, the dangers they threaten are still relatively considerable, with a distinct tendency to further growth. This increase follows as civilisation advances and its requirements cause the natural barriers between States to be broken down; while, concurrently with this process, the countries concerned enhance their military strength with the aid of better armament and sounder organisation.
- (b) Moreover, internally, the gradual education of the masses and the increased facility of combination with the greater desire for place and power, which this implies, render the less contented elements among the people of India both more prone to intrigue and more formidable in the pursuit of their designs than has been the case in the past. So long, however, as the Indian Army remains loyal, we may regard the position with comparative equanimity ; but to keep it loyal, amid all the efforts that will be made by clever agitators to disaffect it, may tax our capacity for government to the utmost. There is no doubt but that the army considers it is not appreciated by the Government of India to the extent it ought to be. There is a strong feeling among Indian officers that their *izzat* is not sufficiently safeguarded *vis-a-vis* civil employé, of the same class, and that they are insufficiently paid, while all ranks think their pensions inadequate and their lines bad. The agitators take care to bring to their notice the contrast between the latter and those of Europeans and the police ; this grievance is being remedied but very slowly.

- (c) Thus while, on the one hand, the external situation demands increased efficiency in the army and with it reliance mainly on troops recruited from the more martial races ; the internal one, on the other hand, seems to require the admixture and distribution of the different classes composing it to be more carefully attended to than ever. It may be doubted whether we have not already placed too great reliance on some of them and, as the pressure of external conditions increases, this tendency will develop and call for a remedy in order to restore the balance which formerly existed.
- (d) Ever since 1857 it has been accepted that the strength of the British garrison of India must not be allowed to fall below a figure, which would remove anxiety in the event of renewed disloyalty of the Indian Army. It was, therefore decided that the strength of the Indian Army would be based on a fixed proportion of $2\frac{1}{2}$ Indian to one British soldier. Some discussion has at various times taken place concerning the inclusion of Imperial Service Troops and armed police in this proportion. The former have been included, and the Secretary of State has intimated that an increase of the latter, if armed with modern weapons of precision, might necessitate their inclusion, though this has not as yet been done. The above appears to furnish a ground for consideration whether the question of the balance between races, referred to in the previous paragraph, might not be most satisfactorily dealt with by an increase in the number of British soldiers. The establishment of a fixed numerical proportion has failed to take cognisance of the fact that there may have been more room for improvement in the Indian soldier, as a fighting man, than is the case in the British soldier.
- (e) The handling of the Imperial Service Troops, and their distribution on mobilization is a matter that requires consideration. Many Chiefs think that it is the intention on mobilization to remove all Imperial Service Troops from their States, and to leave them without even a guard for their palaces ; while there is some discontent because they consider that, although they are nominally the commanders of their troops, the British officers are actually in command in practice.
- (f) The general distribution of troops is in practice governed largely by the position of existing barracks and, owing to the great cost of the latter, can only be changed slowly. So long as railways can be kept open, the exact location of troops makes little difference in the time taken to concentrate them, wherever required, except in Burma.
- (g) In India an *émeute*, if not suppressed at once, is likely perhaps more than in any other country to assume large proportions. It is therefore necessary that all moveable columns should be very mobile. For this reason our internal defence moveable columns should not be stinted either in cavalry or transport. At the same time especially in the big manufacturing towns, suitable arrangements should be made for such close connection between the civil and military authorities that the services of troops may be made available with celerity when required.
- (h) While the internal security of India depends mainly on the strength and distribution of the military forces, the military arrangements would in themselves be inadequate and incomplete without the co-operation of the Civil Departments of the Government of India. In such matters as the enforcement of the Arms and similar Act. ; the reduction of local troops in Native States ; the arming of police and villagers in Native States as well as in British India ; the recognition of the value of *izzat* as regards retired Indian officers referred to above ; and in all similar cases, the mutual co-operation of the civil and military officials is essential in the common aim of maintaining the prestige of British rule. The necessity for working together with this object has occasionally been overlooked.

7-6-12.

II-6-12.

P. LAKE, Lieut-General,
Chief of the General Staff.
 O'M. C[REAGH].

APPENDIX II.

Notes on the Military resources of Afghanistan, 1912.

PREPARED IN THE GENERAL STAFF BRANCH.

THE MILITARY RESOURCES OF AFGHANISTAN, 1912.

SYSTEM OF COMMAND AND ADMINISTRATION.

There are four military districts, Kabul, Kandahar, Herat and Afghan

1 How are the Afghan regulars organized ? Turkistan, which are again divided into
by Naib Salars, and the sub-districts by Generals or Brigadiers. sub-districts. Districts are commanded

The highest unit is the brigade, composed usually of all three arms, and at present confined to the troops of the Kabul District. This brigade organization is being gradually extended to the other districts. Brigades are reported to exist as follows :—

		2 Brigades of Household troops (Ardal and Ardalia).
At Kabul ...	... {	1 Brigade at Sherpur. 1 Brigade (Kotwali).
At Jalalabad ...	... {	Jalalabad Brigade.
At Kahi ...	... {	Kahi Brigade.
In Asmar ...	... {	Asmar Brigade.
In Laghman ...	... {	Laghman Brigade.

The general strength and distribution of the Afghan forces is shown in Annexure I and the map attached.

A brigade at Kabul consists of—

3 battalions of infantry,
3 regiments of cavalry,
3 field ... } batteries,
3 mountain ... }

with a fighting strength of 1,872 infantry, 1,200 sabres, 405 or 810 gunners, with 18 or 36 guns.

For details as to the strength and composition of the Kabul brigades, see Annexure II.

Elsewhere, brigades, when fully organized, consist normally of—

2 battalions of infantry,
1 regiment of cavalry,
1 mountain battery,

with a fighting strength of 1,200 infantry, 400 sabres, 172 gunners with 6 guns.

The artillery has no brigade organization, batteries being allotted to mixed brigades. Batteries have normally six guns, except heavy batteries which usually have four.

A battalion of infantry generally has six companies, normally of 100 men each; a regiment of cavalry is usually organized in four troops, each of about 100 sabres.

COMMAND.

None of the senior officers have proved their capacity as commanders.

2. Are there any officers of note in the Afghan army who have proved their capacity in the field, or who have the qualities of leaders, and could command an army with credit ? The best of the Generals are probably Nadir Khan, Abdul Ghafur Khan, and Haji Gul Khan; these all belong to the old school, and have received practically

no military training. Inayatulla Khan, the Amir's eldest son, who is titular Commander-in-Chief, is zealous in his duties, and has received his military training from Mahmud Sami, a Turkish Engineer officer, who is Principal of the Sirajiyah Military School at Kabul. It is improbable that any of the above are capable of handling a large force in the field.

STRENGTH AND ORGANIZATION.

3. What is the number and strength of units?

There are said to be—

Regulars	40 regiments of cavalry (each about 400 sabres).	
	89 battalions of infantry (each of 600 to 1,200 rifles).	
	6 battalions of sappers (each about 600 rifles).	
	47 mountain batteries ...	}
	33 field batteries ...	the strength of a battery varies, but it may be taken at about 172 men.

The above gives a total strength, on paper, of—

15,200 sabres.	
62,000 rifles.	
3,000 sappers.	
15,000 artillerymen, with about 500 mobile guns.	
<hr/>	
95,200	
<hr/>	

Note.—The total strength given in the General Staff Memorandum, Appendix III, *viz.*, 90,000, is probably a safer estimate than the above. It is an undoubted fact that units, especially in the cavalry, are not up to strength. The late Agent at Kabul, in his Report for 1910, estimated the total strength of regulars at 98,338, but gave it as his opinion that the actual *peace* strength varied between 50,000 and 60,000. Of these about one-fifth are stationed in Kabul. This estimate is confirmed by "Les Armées des Principales Prusances," 1911, published by R. Chapelot et Cie, Paris, page 111, which gives the strength of the Afghan army as 50,000 men, of whom 6,000 are mounted. This estimate is probably based on Russian sources of information and is therefore of some value.

RESERVES.

A system exists known as *hashtnafari* or 'one in eight,' by which

4. Is there any sort of Reserve system?

each household may be called on to provide a recruit if sufficient volunteers are not forthcoming.

This system is enforced to fill deficiencies in the regular units on mobilization, also to replace wastage, and to meet a national emergency. The bulk of the adult males of Afghan tribes would, no doubt, take up arms to resist an invasion of their tribal limits, and it is the avowed policy of the Amir to distribute rifles wholesale, and thus facilitate the raising of a *levée en masse*, should the necessity arise.

TERMS OF SERVICE.

Recruits are supplied by the leading Khans of the various tribes, and

5. What are the terms and periods of service in the Afghan regular army? the village headmen are required to contribute their quota under a system of ballot.

Enlistment is for life or until medically unfit. A soldier on completion of 25 years' service receives if unfit for further employment, a pension equal

to a quarter of his pay. Men are occasionally enlisted for shorter terms of service, but the matter depends rather on the Amir's caprice than on any definite regulations.

Except in the household regiments, the system in the cavalry is *silladar*. Recruits have either to provide their own horses or deposit money in lieu. If a horse dies in the service, the State bears the whole cost of replacement.

Battery horses are the property of, and are fed by, the State.

6. What are the establishments and rates of pay of each rank? The following are the monthly rates of pay :—

Cavalry.

Each regiment has—
Rs.

1 Karnel	...	...	...	200, Kabuli.
1 Major	...	...	...	150 „
1 Ajitan	...	...	...	110 „

There are 4 troops in each regiment and each troop has—

1 Risaldar	...	...	...	100, Kabuli.
1 Jemadar	...	...	...	40 „
1 Tawildar (Kot Dafadar)	...	...	...	25 to 30, Kabuli.
6 Lance Dafadars	...	...	..	22 „
100 Sowars	...	...	...	22 „

Infantry.

Each battalion has—
Rs.

1 Karnel	...	...	...	200, Kabuli.
1 Kumadan	...	...	...	140 „
1 Ajitan	...	...	...	110 „
1 Sarjang	...	...	...	50 „

There are 6 companies in each battalion, and each company has—

1 Kaftan	...	...	...	60, Kabuli.
1 Subadar	...	...	...	40 „
4 Havildars	...	...	...	14 „
4 Naiks	...	...	...	12 „
8 Lance Naiks	...	...	...	10 „
100 Sepoys	...	...	...	10 „

Artillery.

Karnel, Major, Kaftan and Jemadar, as in other branches—
Rs.

Tawildar	...	...	...	18, Kabuli.
Havildar	...	...	...	16 „
Gunners	...	...	...	12 „
Khalassis	...	...	...	10 „

Pay is issued every two months in arrears; heavy cuttings are made from the men's pay. As a concession, junior officers and men are allowed to buy 24 seers of grain monthly, from the State granaries, at special rates.

LOYALTY.

The fidelity of many regiments to the present dynasty may be doubted.

7. Are the regulars faithful to the Amir? The six Hazara regiments are notoriously disloyal, while the Ghilzai regiments would probably welcome a change of government. Speaking generally, corps enlisting non-Afghans, *i.e.*, Hazaras, Turkomans, Uzbeks and Kafir converts, would, in the event of a Russo-Afghan or Anglo-Afghan war, be less dependable than those recruited from pure Afghan tribes.

RECRUITING.

Units are recruited generally on a territorial basis, but their location is

8. Are units recruited on any definite principle as not necessarily territorial. Thus Turkoman regiments are quartered in Kabul; Kandahar and Logar regiments in Herat; a Logar regiment in Badakhshan, and so on.

For details as to the recruiting areas and tribal composition of regiments, see Annexure III.

TRAINING OF OFFICERS.

The older officers of the Afghan army have had practically no military

9. How are the officers trained? education, and are incapable of reading a map. Many of the younger officers have, during the last three years, been trained at Kabul in the Sirajiya Military School, of which Mahmud Sami, a Turkish Engineer officer, is the Principal. The school syllabus includes Turkish, mathematics, sketching, history, geography, directions on camp life, riding, gymnastics, fencing and drill.

The Afghan officers of the old school cannot compare with our own

10. How do they compare with our own officers? Indian officers, including those of the Imperial Service Troops. They may have some capacity for command, but are ignorant and incapable of training their men. The younger generation of officers are improving under Turkish instruction, but a decade must elapse before the teaching of the Sirajiya Military School can be expected to bear fruit.

TRAINING OF THE TROOPS.

Infantry.—Except in the case of the Kabul, and possibly of the Herat garris-

11. Give particulars as to the training of the sons, the training is generally indifferent. The influence of Turkish methods is now apparent in the drill of the Kabul brigades. The latter are said to be smart on parade, but off the parade ground training is still in the elementary stage. Manœuvre parades seldom take place, and are then only of short duration.

Entrenching, whether in attack or defence, is rarely practised, nor is the use of obstacles understood.

The usual attack formation appears to be successive lines in single rank at distances of about 100 yards.

Musketry training and field firing have been only recently introduced at Kabul and Herat, and are, it is believed, not practised elsewhere.

Cavalry.—Their lack of training renders the Afghan regular cavalry incapable of acting effectively against European or Indian cavalry. Their rôle is rather that of mounted infantry, scouts and despatch riders. The irregular

horsemen fought well on various occasions in the last Afghan War, and showed that they could make good use of sword and lance in a *mélée*.

Artillery.—The drill and training of the artillery are poor. A mountain battery at Kabul was recently timed to take half an hour to come into action from column of route. Indirect laying, though lately introduced in Kabul, is little understood. Until recently, guns were seldom fired except for testing and ceremonial purposes. The Turkish instructors are gradually introducing more up-to-date methods. Guns have recently been firing at Kabul at ranges up to 6,500 yards. Range-finders are now used, and signalling is practised. The artillery now takes part in field days with the other arms. This improvement in the training of the artillery is at present confined to the Kabul and Herat garrisons.

GUN AND RIFLE PRACTICE.

The following is the musketry course for recruits and trained soldiers respectively. It was only introduced in

12. Is there any regular system of gun and rifle practice in the Afghan army? 1911—

Recruits' course.

	Rounds.
<i>Individual fire.</i> —10 rounds at every hundred yards from 100 to 700 yards ...	70
<i>Collective fire</i> by squads of 10 to 15 men; 10 rounds per man at 500, 600 and 700 yards, fired in volleys by word of command ...	30
Total	100

Trained soldiers' course.

<i>Individual fire</i> at 200, 300, 400 and 500 yards, 5 rounds at each distance ...	20
<i>Collective fire</i> , volleys by squads of 10 to 15 men; 40 rounds a man at distances between 500 and 700 yards ...	40
Total	60

It is probable that this musketry course is as yet only carried out by the Kabul and Herat garrisons.

The Turkish instructors at Kabul are great believers in squad firing, and the men take great interest in these practices. Inter-regimental competitions are occasionally held, the rounds for which are supplied on payment.

RESOURCES IN WAR MATERIAL.

At Kabul there are arsenals and factories capable of turning out

13. What are the resources of the Afghan army in all kinds of warlike stores, from a fuze to a heavy gun, as well as saddlery, boots, equipment of all kinds, and woollen goods?

The raw material for the above has mostly to be imported through India. Goods for the Amir are passed through the Indian Customs, duty free, under the Amir's agreement with the British Government. The withdrawal of this privilege, though it would doubtless seriously embarrass the Amir and bring work in the factories to a standstill, would probably drive him into the arms of Russia, and force him to import his requirements through Russian and Persian territory.

In addition to the factories at Kabul, there are minor State workshops at Herat, and gun powder factories at Tatang near Jalalabad, Kandahar, Herat, Mazar-i-Sharif and Bamian.

ARMAMENT—(ARTILLERY).

The latest estimate gives a total of about 500 guns, organized in 47 mountain, 33 field and 5 heavy batteries. The

14. Of what description are the Afghan guns?

approximate distribution of these units is

given in Annexure I.

It must be admitted that information concerning the armament and distribution of the Afghan forces is necessarily vague and contradictory. Of one fact, however, there is no doubt, and that is that there are more serviceable guns in Afghanistan than trained gunners to man them.

There appear to be no standard patterns either of field or mountain guns. The Afghan artillery suffers from a multiplicity of types. The more modern guns are said to be stored in the Arg, the Amir's fortified palace at Kabul, where, according to our reports, there are as many as 300 pieces of artillery.

Judging from the recent large importations of 6* and 9-pr.† brass cartridge cases from German and British firms, it would seem that chief reliance is placed on guns firing these projectiles.

Details of the various types of guns in possession of the Afghan Government are given in Annexure IV.

Imported, 108 guns and 19 machine guns. *Locally made*, 758 guns and

15. What is the proportion of imported to locally made guns? 250 machine guns. (See Annexure IV.)

Of the imported guns many of them, notably the 4" Krupp howitzer of 1902, were, at the date of importation, of the most modern type. These guns are said to have been copied by Indian and Afghan artisans trained under the late Mr. Fleischer, who was himself a skilled employé of Krupp's Works.

Ammunition is imported or manufactured in the Kabul arsenal after im-

16. Is the ammunition for these guns all made locally? ported patterns. Since 1908 the Amir has imported from Europe brass cartridge cases for 1½, 2, 3, 5, 6 and 9-pr. guns. These are loaded in the Kabul arsenal.

Smokeless powder of a sort has undoubtedly been manufactured in Kabul for

17. What sort of powder do the Afghans use, and where is it made? some time past, but only in small quantities. The inference is that all Kabul-

loaded gun ammunition has a black powder charge. The cordite plant imported by the Amir through Indian ports in 1911 has not yet been brought into use. It is being set up, and meanwhile a Turkish officer in the Amir's employ is making chemical experiments in connection therewith. Reports are now awaited from the Ordnance Branch on a sample of an Afghan 3-pr. Q. F. mountain battery shell, and of Kabul-made smokeless powder and cartridges which have been sent to them for examination. These reports should throw considerable light on this matter.‡

Annexure IV gives details of the machine guns in their possession.

18. Have the Afghans any machine guns or pom poms? They have no pom poms.

ARMAMENT—(SMALL ARMS).

Troops at Kabul—303 magazine rifles. Troops elsewhere—Martini

19. With what pattern rifles is the Afghan army equipped? Henry rifles. It has been several times reported during the last two years that

all units of the regular army are being, or are about to be, rearmed with the 303 rifle; but so far little progress in this direction appears to have been made.

They are either imported in parts from Europe, or manufactured in the

20. Where are these rifles obtained?

Kabul arsenal chiefly from imported materials after European patterns. Thus

* 6-pr. mountain gun.

† 9 pr. field gun. Some mountain batteries are armed with 3-pr. Q. F. guns, and some with the old 7-pr. R. M. L. gun.

‡ Quite recently two European experts passed through the Khyber *en route* to Kabul. They had apparently been engaged to manufacture cordite for the Amir.

cut lengths for 10,240 Lee-Enfield steel barrels have reached Kabul from London *via* Karachi since 1910. During the last two years very few rifles have been imported from Russia.

The rifle making plant is said to be of modern type.

The Afghans are estimated to have some 30,000 .303 rifles in all; this includes 12,000 now in possession of the troops, but excludes those belonging to private individuals. The remaining rifles of the regular army are Martinis, either imported or Kabul made.

AMMUNITION—(SMALL ARM).

Either from Europe, through Indian ports, or from the local arsenals.

21. Where is their ammunition obtained? Metal cases for 6 million rounds of .303 ammunition, and percussion caps for another 5 million rounds, have reached Kabul from London *via* Karachi since 1910.

The Amir is estimated to have approximately 1,000 rounds per rifle of .303 ammunition, and sufficient Martini Henry ammunition to meet all requirements. The Kabul arsenal is reported to be capable of turning out at least 15,000 rounds monthly.

ARMAMENT—(TRIBAL).

There is nothing to show that the Amir is personally connected with the

22. Have we any evidence that the Amir sells rifles to the tribesmen or to his own people? arms traffic. There is evidence, however, that Nasrulla Khan, his brother, who directs the civil administration of Afghanistan, is financially interested in the matter, and he is believed to have some sort of business connection with certain Kabuli arms dealers such as Nurakai and Abdulla.

Nasrulla Khan constantly makes presents of arms and ammunition to prominent men among the frontier tribes, e.g., he recently presented rifles to some disciples of the Mulla Powindah.

Nasrulla Khan, in receiving *jirgas* from Ningrahar, Laghman and Kunar, urged all good Musalmans to consider the possession of a serviceable rifle as a sacred duty. The Amir, he said, withheld from individuals permission to purchase arms from the State Factory, as they could purchase them elsewhere, i.e., from the Afghan arms merchants, whereas the arms made in Kabul must be kept a reserve for issue to the people in an emergency.

The Amir occasionally sells obsolete rifles, such as Sniders, from his arsenals, either on security or at very low rates. Issues on these terms were made in 1910 to the people of the Kandahar, Herat and Turkistan Provinces.

A large reserve of rifles is kept in the arsenals, to be issued when required for a *levée en masse*. In 1911, Nasrulla Khan showed a deputation of headmen from Herat and Bala Murghab round the Kabul arsenal. He explained to them that the rifles and warlike stores accumulated there were sufficient to arm the entire population of Afghanistan.

The tribesmen of the North-West Frontier and Afghanistan buy rifles in the open market at Kabul, Kandahar and Herat, from Ghilzai and other arms dealers. The former prefer rifles that will take .303 ammunition; the latter are not so particular, and buy mausers, manlichers, and other 'Gulf' patterns. A hundred rounds are usually sold with each 'Gulf' rifle.

SUPPLY.

During peace, the army is supplied from the Government granaries,

23. What are the supply arrangements and resources of the Afghan army? in which grain paid in as land revenue in kind is stored under the direction of local Governors and Deputy Governors. Such granaries exist throughout Afghanistan, as for instance at Jalalabad, Kabul, Kandahar and Girishk.

To meet war requirements, reserves of grain, bread, etc., are said to be kept up at the principal military stations. A large proportion of these reserves consists of a kind of hard dried bread, which will keep good for years. According to regulations one year's supplies for men and animals should be kept up at all military stations; but from recent reports it would seem that, owing to official laxity and peculation, reserves are often allowed to run out.

Afghanistan is ordinarily self-supporting in the matter of food and forage. There is, however, seldom any surplus for export, and in bad years it has even been found necessary to supplement local stocks by importations from Persia and India.

TRANSPORT.

The standing Government transport is stated to consist of the following :—

24. Has the Afgh'n army any permanent transport ?

Kabul District ...	... {	1,000 camels.
		1,000 carts (bullock and mule).
		400 bullocks.
		500 mules.
		5,000 pack ponies.*
Kandahar District ...	... {	744 pack ponies.
		4,000 donkeys.
		2,000 camels.
		300 bullock carts.
Herat District ...	... {	600 camels.
Afghan-Turkistan District	... {	No details.

The Amir is said to have a system of camel registration at Kabul, 25. Is there any regular system in Afghanistan for Kandahar and Herat, but details are not collecting transport ? available. In view of the large numbers of transport animals reported to be in the country, it is probable that, *given time for collection and organization*, sufficient transport could be procured to equip any force that the Amir could put in the field.

The time required to equip and despatch a punitive column against the tribesmen of Khost does not give any reliable indication of how long the Afghan army would require before it would be in a position to move against us. It has been reported that the Amir was first opposed to the despatch of a punitive expedition, hoping that his *mullas* would effect a settlement; he then collected unorganized tribal levies for the task, and last of all added a backing of regulars from Kabul. The actual force reported to have been mobilized by the middle of May† was—

Regulars (Kabul garrison troops) ...	... {	3,000
Tribal levies ...	... {	18,500

* Of which—

800 are located in Laghman } for the use of the Jalalabad garrison.
200 at Dakka }
800 at Gardez for the use of the garrison of Khost.

† The outbreak occurred 29th March, but it is doubtful whether orders for a punitive expedition were issued before the middle of April.

The bulk of the transport for this force was camels, collected from the following areas :—

Jalalabad (5,000 camels).

Logar.

Ghazni.

Kabul.

Afghan Turkistan was to provide further transport, if required.

Carts, (both bullock,* mule and pony), have recently been added to the standing pack transport. Their sphere of usefulness is at present restricted to

26. Is any use made of carts? Or is the transport the few good roads radiating from Kabul, especially that leading to Peshawar.

At the beginning of 1912 a large convoy, which included 500 of these carts, was employed in bringing up stores for the Amir from Peshawar.

KHASSADARS.

The 31,000 Khassadars in the Amir's employ are all foot soldiers.

Organization.—Khassadars are recruited throughout Afghanistan, and

27. How are the Afghan Khassadars organized, armed, equipped and distributed? serve in their own provinces. Their strength, on paper, is about 35,000, but 31,000 is probably nearer the mark.

They are organized in units of 100 men (called *bairaq*s 'or standards'). A *bairaq* is subdivided into groups of 10 men, each commanded by a *Dahbashi*; 5 such groups are commanded by a *Panjabashi*; 10 groups by a *Sadbashi*. Two *bairaq*s are commanded by a *Sartip*. Their duties are miscellaneous and include those of police, the collection of revenue and guarding the frontier.

Arms.—The Khassadars of the Kabul district are armed with Martini Henry rifles; those stationed near the Khyber, i.e., Painda Khak and Dakka, have Lee-Metfords. The Khassadars of other districts are armed with Martinis, Sniders, or muzzle-loading Enfield rifles.

Equipment.—Khassadars have no regular uniform; some have cartridge pouches and bandoliers, but they are not generally distinguishable from armed peasants.

Distribution.—The approximate distribution of the Khassadars is given in Appendix I, and on the map attached. They mostly serve in border posts, which are garrisoned by from 20 to 100 men.

This estimate is based on reports from Kabul and elsewhere, especially the 28. How is the total of 31,000 Khassadars arrived at? 'Final Report on Afghanistan, 1910,' rendered by the British Agent on his quitting Kabul.

KHAWANIN SOWARS.

Khawanin Sowars, or Feudal Yeomanry.—These are irregular horsemen, maintained by the Khans or tribal chiefs, who receive allowances for the purpose. They differ from Khassadars in being mounted.

The number of Khawanin sowars allotted to a Khan varies from 5 to 300.

Their total strength on paper is about 10,000, of whom probably not more than half exist in peace time.

Arms.—Muzzle-loading Enfields and a few Sniders.

Equipment.—They have no distinctive uniform. Sowars provide their own saddlery and horses. The latter are often casters from the regular cavalry.

* Bullocks have recently been purchased in some numbers in India. As roads improve the use of carts may be expected to increase.

As a fighting force the Khawanin sowars are almost a negligible quantity—but from their knowledge of the country, they would be useful as scouts and despatch riders.

Distribution.—The approximate distribution of these sowars is given in Annexure I, and on the map attached. The majority are employed in the Herat and Kandahar provinces.

FORTS AND FORTIFIED PLACES.

There are a few forts in Afghanistan, but these are considered incapable

29. Are there any modern forts in Afghanistan, or
only fortified *sarais*, defensible against mountain
gun and rifle fire?

of resisting heavy and medium artillery and would not offer much protection against modern field and mountain howitzers. These are :—

Kabul.—The Amir's fortified palace and several forts.

Deh Dadi.—(Mazar-i-Sharif) said to be the strongest fort in Afghanistan; it commands the road from the Oxus to the passes of the Hindu Kush. The fortifications are said to be "hidden under ground" making it impossible for any but heavy guns to damage the works. It is doubtful, however, whether it can be classed as a modern fort as the term is understood in Europe.

The other forts or fortified towns in order of importance are Herat, Kandahar, Jalalabad, Kalat-i-Ghilzai, Ghazni and Baldak near Chaman. Of these Baldak is one of the newest and probably the strongest of the ordinary forts in Afghanistan. There are somewhat similar fortified posts at Girishk, Farah, Matun, Ali Khel, Mukur, Jalalabad, Kahi, Asmar, Chaghār Sarai, Faizabad, Tashkurghan, Maimana and other places. Most of them are armed only with field or mountain guns, and none could offer much resistance to modern field artillery.

ANNEXURE I.

Distribution and approximate strength of the Afghan organized forces.

District.	Sub-District.	Cavalry Regiments.	Infantry Battalions.	Super Battalions.	Artillery Batteries.	Irregulars.	Approximate strength according to local information.	Remarks.
Kabul ...	" Kabul .."	12	12	3	6 Mountain .. 12 Field .. 2 Heavy ..	6,000	4,800 Sabres. 7,500 Rifles. 2,400 Sabers. 116 Mobile guns. 6,000 Khassadars.	...
Jalalabad, North of Kabul river.	Out-posts ...	1	6	1	4 Mountain .. 1 Field ..	1,800	400 Sabres. 4,200 Rifles 30 Mobile guns.	Including Logar Valley, Jahan-us-Siraj and Paghman.
South of Kabul river ...	6 8	"	"	6 Mountain .. 1 Field ..	2,500	3,600 Sabres 12,000 Rifles. 94 Mobile guns	...	Including Ningrashar, and posts along Kabul-Dakka road.
Khost, including Hariob ...	3 9	"	"	6 Mountain .. 2 Field .. " .. 1 Heavy .. 3 Mountain .. 2 Field ..	4,500 3,000	7,000 Khassadars. 4,272 Rifles. 30 Mobile guns. 3,040 Khassadars.	...	Including Ningrashar, and posts along Kabul-Dakka road.
Ghazni and Hazarjat (including Mukur and Urgun).	8 13	"	"	9 Mountain .. 2 Field .. 1 Heavy ..	4,500	1,200 Sabres 9,300 Rifles. 48 Mobile guns. 4,500 Khassadars.	...	Includes garrison in Hazarjat (5 battalions and 12 mountain guns) and Bamiyan (2 companies).
Kandahar including Kalati-Ghilzai.	2 6 1	...	2 Mountain .. 3 Field ..	4,400 Khowanin sowars .. 3,100 Khassadars	... ...	500 Sabres 4,500 Rifles. 600 Sabors. 30 Mobile guns. 7,500 Irregulars.	...	Including 600—1,000 Khassadars in frontier posts.
Farah, including Girishk ...	3 1	...	2 Mountain .. 1 Field ..	2,000 Khowanin sowars .. 1,900 Khassadars	... ...	200 Sabres 600 Rifles. 29 Mobile guns. 3,900 Irregulars.	...	Detachments of Infantry and Irregulars on the Sistan and Rogistan border.

ANNEXURE I—concl.

Distribution and approximate strength of the Afghan organized forces—concl.

District.	Sub-District,	Cavalry Regiments.	Infantry Battalions.	Super Battalions.	Artillery Batteries.	Irregulars.	Approximate strength according to local information.	Remarks.
Hérat ...	Hérat, Bala Mughab and western portion of Herat-Darlat Yar road.	4	9	2 companies.	4 Field	... ... ... ... ... ...	3,000 Khawarin sowars 800 Khaessadars	* Of which probably only 18 are modern or serviceable.
Mazar-i-Sharif, including Afghan Turkistan.	Mazar-i-Sharif, including Afghan Turkistan.	2	4	...	1 Mountain	... ... ... ...	900 Khawarin sowars 3,000 Khaessadars	3,000 Khawarin sowars. 800 Khaessadars.
Maimana ...	Maimana	1	2	...	2 Field	... ... ... ...	600 Sabres 2,400 Rifles.	600 Sabres 2,400 Rifles.
Badakshan, including Wakhan.	Badakshan, including Wakhan.	3½	5	...	1 Mountain	... ... ... ...	200 Khawarin sowars 300 Khaessadars	24 Mobile guns. 8,900 Irregulars.
Andarab ...	Andarab	...	1	2 companies.	1 Field	... ... ... ...	1,500 Khaessadars 300 Khawarin sowars 400 Khaessadars	400 Sabres. 1,200 Rifles. 12 Mobile guns. 500 Khaessadars.
Being raised at Kabul in 1911.		1	7	...		.....	1,000 Sabres 3,000 Rifles. 30 Mobile guns. 1,800 Irregulars. 200 Sabres. 600 Rifles. 6 Mobile guns. 400 Khaessadars.	400 Sabres. 7,000 Rifles 7 battalions, each 1,000 strong.
Approximate Totals ...		40	89	5	47 Mountain	... ... ... ...	.....	Total strength : — Regulars ... Irregulars ...
Strength in round numbers		15,200 Sabres.	62,000 Rifles.	3,000 Sappers.	5 Heavy	... ... ...	95,000 44,400	95,000 44,400

The number of mobile guns in each Sub-District, does not, in certain cases agree with the normal armament of the artillery units stationed therein. This discrepancy is due, partly to the inclusion in the mobile armament of batteries of guns which are provided for the defence of posts, and partly to the incorrectness of local reports and to the fact that batteries are often incomplete. The approximate totals are believed to be fairly reliable.

ANNEXURE II.

Peace Establishment of Kabul Brigades.

The actual strength at present is short of this, especially in cavalry, which is only about one-third of the sanctioned strength.

† The terms 'Class 1, 2 and 3' are used to describe these guns as our information in regard thereto is insufficient to enable us to classify them properly. Each Class has a Persian designation such as 'Gharabini' 'Jalowi,' 'Durjan,' the technical signification of which has not yet been ascertained. The field guns coming under Class 2 are locally known as 'Germani.' It is inferred from this that they are of the Krupp pattern introduced by M. Fischer.

ANNEXURE III.

Table showing recruiting areas and tribal classification of the Afghan Army.

Province.	District.	Tribe.	Names of Regiments, etc.	Cavalry.	Infantry.	Sappers and Miners.	Artillery.	Remarks.
Kabul.	Kabul ...	Kabuli	4	17*	...	Chiefly recruited in the Wardak district, among the Wardaki Saiads.	...
		Kohistani ...	...				
		Wardaki ...	...				
	Maidan ...	Kabuli ...	"Maidani"	1	...			
	Kohistan ...	Tajiks ...	"Kohistani"	...	7+			
		Tajiks ...	"Tajiki" ...	...	2		
	Wardak ...	Saiad ...	"Wardaki"	...	5			
	Panjshir ...	Tajiks ...	"Panj-hiri"	...	1			
	Logar ...	Ghilzais (Ahmadzai, Astanazai, Adamzai).	"Logari" ...	...	5		
	Jalalabad ...	Bajauri ...	"Bajauri"	...	1			
		Mohmand ...	"Muhammadi" or "Mohmandi"	...	1			
		Safi ...	"Safi" ...	1	4			
		Shinwari ...	"Shinwari"	...	1 or 2			
		Mamunds ...	...				
Afghan Turkistan, Kandahar.		Salarzai ...	"Asmari"	...	1			
		Shinwari ...	"Khugiani"	...	1			
		Mangal ...	"Laghmani"	...	1			
		Jadran or Zadran ...	"Ut-Khel"	...	1 or 2			
	Ghazni ...	Ghilzai ...	"Ghazanchi" or "Ghaznichi"	1	2			
		Mangal ...	"Mangali"†	1	1			
		Jadran or Zadran ...	"Jadran" or "Zadran" ...	...	1		
	Hazarajat ...	Jaj ...	"Jaji"	...	1			
		Hazaras ...	"Malistani" ...	1§	2	4		
			"Bahloli" ...					
Herat.	Kandahar ...	Durani tribes, viz.—	"Karabaghi," etc.				Such as— Cavalry. "Husaini" "Talwara" "Abbası" "Awali Risala" "Chaharyari" Infantry. "Naik Havildari"	...
		Barakzai ...	"Barakzai"	8||	...			
		Nurzai ...	"Shahi Risala,"					
		Popalzai ...	"Kandahari"	...	1			
		Alikozai ...	"Kandahari"	...	1			
		Nurzai ...	"Kandahari"	2	7			
		Alizai ...	"Kandahari"	3	2-			
	Mazar-i-Sharif, etc.	Turkoman ... (Turk).	"Turki," "Afshari,"	8	2			
		Uzbek ...	"Uzbek" ...	1				
		Mixed. (Turkoman and Uzbek).	"Hazdanahri," "Khanabadi," "Mazari."	3	2-			
Kafiristan ...	Kafir Converts ...	"Rikabi" ...	3	3	1			
		"Jadid-ul Islam,"	...					
Herat.	Herat (mixed races).	"Herati" ...	...	3	15	...	
				32	88	5		
Units without territorial connection or whose recruiting area is not known.				8**	1**	...	Such as— Cavalry. "Husaini" "Talwara" "Abbası" "Awali Risala" "Chaharyari" Infantry. "Naik Havildari"	...
Grand Total (estimated)				40	89	5		

* Includes 3 "Ardali" and 3 "Ardalia" battalions of the household troops at Kabul.

† Includes 7 battalions which were being raised at Kabul in 1911.

‡ Reported in 1907 to be in a mutinous state.

§ Includes 1 regiment which was being raised at Kabul in 1911.

|| Includes 1 regiment which was being raised at Kabul in 1911.

Afghans. The Herati term generally applied to all Persian-speaking inhabitants living in the Herat district, who are not Taimanis, Firozkohis, and Kala Nao Hazaras.

A summary, giving the total number of units recruited from the several tribes is given below. From this it will be seen that the majority of recruits belong to the following tribes :—Heratis, Wardak Saiads, Kohistanis, Kabulis, Ghilzais, Tajiks and Duranis.

Tribe.	NUMBER OF UNITS RECRUITED FROM TRIBE.				Remarks.
	Cavalry Regiments.	Infantry Battalions.	Sapper and Miners Battalions.	Artillery.	
Durani	5	9	...
Ghilzai	2	10	...
Herati	3	15	...
Tajiks	10	...
Wardak Saiads	5	Most of the artillery recruits are said to come from Wardak.
<i>Mixed.</i>					
Kabuli	
Kohistani	4	17	...
Wardaki
Turkoman	8	...	...
Usbak	1	2	...
<i>Mixed.</i>					
Turkoman-Usbak	3	2	...
Safi	1	4	...
Bajauri	1	...
Mohmand	1	...
Shinwari	2	...
Asmari (Mamund, etc.)	1	...
Khugiani	1	...
Jadran	1	...
Mangal	1	1	...
Jaji	1	...
Hazaras	1	2	4
Kafirs (converts)	3	3	1	...
Add units whose recruiting area is not known.		32	88	5	...
Total units	...	40	89	5	...

ANNEXURE IV.

ESTIMATE OF AFGHAN MOBILE GUNS.

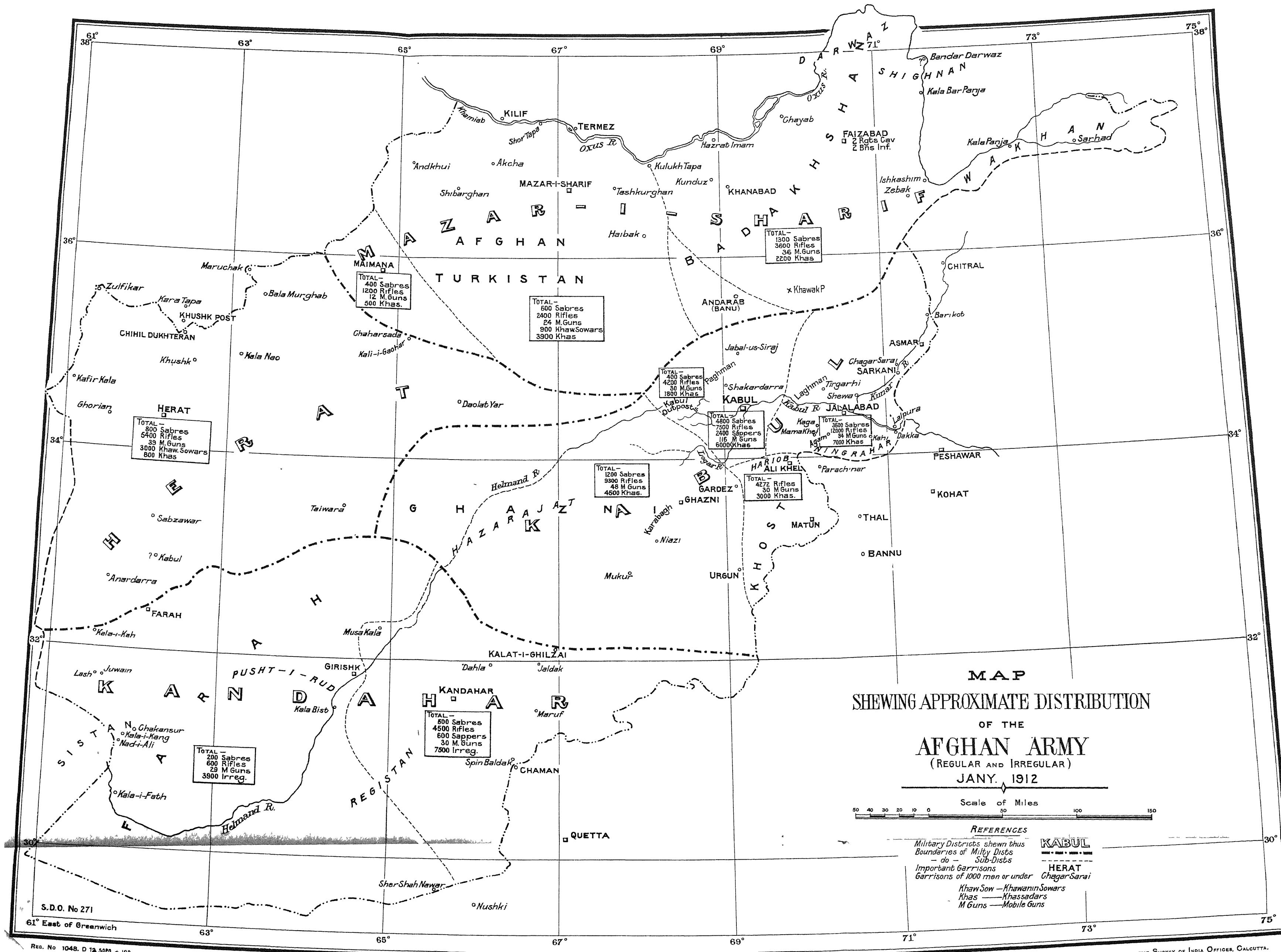
The Amir's arsenals are known to contain the following types, exclusive of all muzzle-loading smooth bore guns.

Type of gun.	European make.	Kabul make approximate totals. (See (i) below.)
<i>Machine guns.</i>		
2-barrel Gardner (1887) 14		
6 " " (1894) 3		200
Martini Henry chamber Maxims (1894) 1		
·303-inch automatic Hotchkiss (1898) 1		50
	TOTAL ...	19 250
<i>Mountain guns.</i>		
7-pr. R. M. L. (Indian old pattern) 6		
3-pr. (47 mm.) Q. F. Hotchkiss (1892) 6		
9-pr. Q. F. Nordenfeldt (1896) 24		500
6-pr. (57 mm.) Q. F. Hotchkiss 6		
6-pr. Q. F. Nordenfeldt 12		
	TOTAL ...	54 500
<i>Field guns.</i>		
12-pr. Q. F. Krupp* (1902) 30		
14-pr. Q. F. Nordenfeldt (1896) 12		
12-pr. (75 mm.) Q. F. Hotchkiss (1894) 2		250
10 c. m. (4") Q. F. Krupp howitzers (1902) 6		
	TOTAL ...	50 250
<i>Heavy guns.</i>		
7" R. B. L. (1894-95) 4		8
	TOTAL ...	4 8

* Suitable for mule or pony draft or pack transport, i.e., for mountain or field artillery.

(i) The actual number of each type of gun manufactured in the Kabul arsenal is not known : our information is limited to totals which are approximate only. Since April 1908 samples of brass cartridge cases have been imported from Europe for 1½, 2, 3, 5, 6 and 9-pr. guns, all presumably Q. F.

(ii) Excluding the above, and whatever may have been in Afghanistan prior to 1880, the late Amir received from the British Government nearly 100 smooth bore or rifled muzzle-loading guns, varying in calibre from 8" howitzers to 6 and 7-pr. mountain guns.



APPENDIX III.

**Statement shewing subsidies given (i) by the Government of India and (ii)
by His Majesty the Amir of Afghanistan to the independent tribes
on the North-West frontier**

SUBSIDIES GIVEN BY THE GOVERNMENT OF INDIA, AND THE AMIR OF AFGHANISTAN, TO THE INDEPENDENT TRIBES ON THE NORTH-WEST FRONTIER.

(i) *Allowances sanctioned by the Government for payment to the tribes on the North-West Frontier.*

Tribes.			Annual allowance.
			Rs. A. P.
Dir, Swat and Chitral Agency	...	...	97,510 0 0
Black Mountain	...	...	6,000 0 0
Khyber	...	...	23,000 0 0
Afri... Khyber Agency	...	...	94,140 0 0
Mohmand	...	...	7,840 0 0
Orakzai and Adam Khel Galai	...	...	45,448 0 0
Kurram Agency	...	...	15,928 0 0
Darwesh Khel Wazirs	...	..	6,700 0 0
Wazirs of Bannu District	...	...	12,416 0 0
Other Wazirs	...	...	11,545 8 0
Mahsud Wazirs	...	..	36,571 0 0
Dera Ismail Khan...	...	...	70,000 0 0
			10,032 0 0
Grand total	...	4,37,130 8 0	

The reasons for the grant of these allowances are many and varied, thus :—

- (a) For keeping roads open and maintaining them.
- (b) For making postal arrangements, and protecting telegraph lines and trade routes.
- (c) For serving Government under certain conditions.
- (d) For furnishing recruits for, and surrendering deserters from, the Samana Rifles.
- (e) For freeing certain passes from tolls.
- (f) For giving Government the right to construct any form of communication, or move troops through their country.
- (g) For accepting tribal responsibilities for offences, safeguarding British subjects in their territory, and preventing raids.
- (h) For protecting the Michni Canal and the Kabul River railway.
- (i) For service, loyalty and good conduct.
- (j) For good behaviour towards Afghan subjects.
- (ii) *Annual or other subsidies given by the Amir of Afghanistan to the independent tribes on the North-West Frontier, and the conditions attached thereto.*

(a) The Amir pays no regular acknowledged tribal subsidies to the tribes living on the British side of the Durand Line; but there is indisputable evidence that annual allowances, occasional presents and entertainment grants, are given by or on behalf of the Amir of Afghanistan to individual members of tribes on the North-West Frontier resident within the British sphere of influence. The payment of these sums by the Afghan Government to our tribes is contrary to treaty obligations.

It is impossible to obtain absolutely accurate figures as to the amount of such allowances and presents: but the following estimates have been furnished by the Political officers having dealings with the tribes concerned. The figures are calculated in British rupees and are believed to be underestimated:—

*Maliks' allowances.**Wana Agency—*

						Rs. per annum.
Mahsuds, Wazirs and Bhittannis	...	...	...	...	...	19,000
			Total	...	...	<u>19,000</u>

Tochi Agency—

Khiddar Khel	...	...	...	...	...	200
Mohmit Khel	...	...	...	...	...	100
Manzar Khel	...	...	...	...	...	200
Madda Khel	...	...	...	...	...	1,200
			Total	...	...	<u>1,700</u>

Khyber Agency. (Afredis)—

Zakka Khel	(Anai)	...	...	...	...	1,800
	(Pakhai)	...	...	...	...	1,360
	(Khusroghai)	...	...	...	...	900
	(Paridai)	...	...	...	...	200
	(Shan Khel)	...	...	...	...	200
	(Miscellaneous)	...	...	...	...	1,000
			Total	...	...	<u>4,960</u>
Kambar Khel	...	...	...	...	...	900
Malikdin Khel	...	...	...	...	...	1,100
Sipah ...	...	...	...	...	...	800
Kuki Khel	...	...	...	...	...	1,000
Kamarai	...	...	...	...	...	400
Eka Khel	...	...	...	...	...	1,000
			Total	...	...	<u>10,160</u>
			Total Maliks' allowances	...	...	<u>30,860</u>

Entertainment and travelling allowances.

				Rs.
Techi and Wana Agencies	...	...	...	7,500
Khyber Agency	...	...	...	12,500
			Total	<u>20,000</u>
			GRAND TOTAL	<u>50,860</u>

To this must be added allowances to Orakzais, Chamkannis, Massuzais, Mohmands, etc., for whom no figures are at present available. These are roughly estimated at Rs 24,000, bringing the total payments to tribes within the British sphere of influence up to Rs. 75,000 a year, so far as can be estimated.

The payments are made to such individuals of various tribes as visit Kabul or Jalalabad in response to periodical summonses from certain Afghan officials. No written conditions are laid down in regard to these allowances, but the condition implied or verbally stated is hostility to the British Government. The policy of the Afghan Government—or perhaps we should say of Sardar Nasrullah Khan, who is incharge of this portfolio—is to keep alive Afghan influence in our tribal territory and to foster ill-feeling there against our Government as a defence against possible British aggression. The allowances of individuals are subject to variation in proportion to the amount of service rendered, *i.e*, the extent of overt hostility towards the Government of India which has been displayed by the recipient.

A. H. McMahon,—14-6-12.

APPENDIX IV.

Statement shewing the annual cost of Militias and Levy Corps on the
North-West Frontier.

S188AIC

**STATEMENT SHOWING THE ANNUAL COST OF THE MILITIA
AND LEVY CORPS ON THE FRONTIER.**

The following figures, showing the total cost of the Militia Corps on the North-West Frontier have, in each case, been taken from the latest proposition statement. As it is necessary to obtain the sanction of the Government of India to all increases to Militia Corps, the figures may, in every instance, be regarded as up to date. They include contingencies.

<i>Name of Corps.</i>	<i>Annual Cost.</i>			
	Rs.	A	P.	
Khyber Rifles 4,57,185 2 0				
Kurram Militia 3,02,351 3 3				
Southern Waziristan Militia 4,91,843 0 0				
Northern Waziristan Militia 3,58,434 10 0				
Maintenance of all Militia buildings in the North-West Frontier Province 40,000 0 0				
Zhab Militia—				
Annual cost 4,02,487 8 0				
Maintenance of buildings 5,934 0 0				
Mekran First Class Levies—				
Annual cost 1,58,856 5 0				
Maintenance of buildings 4,836 0 0				
Chagai First Class Levies—				
Annual cost 77,520 0 0				
Maintenance of buildings 1,590 0 0				
Grand total of all corps ... 28,00,987 4 3				

To the above must be added the cost of pensions. Exact figures cannot be obtained, but it has been estimated that the maximum cost, which would not be reached till about A.D. 1928, would be between 2 and $2\frac{1}{2}$ lakhs a year for the whole Militia.

It may be noted that the sanction of the Secretary of State has been applied for to an increase to the Zhab Militia of two British officers and 140 sepoys, at an additional annual cost of Rs. 72,333 plus Rs. 800 per annum for kit-money; and that sanction will shortly be applied for to an increase of the pay of the Kurram Militia and the Northern and Southern Waziristan Militia at a total extra cost of Rs. 66,500 per annum.

APPENDIX V.

Memorandum on the course of Military Expenditure, 1898-99 to 1912-13.

**PREPARED IN THE FINANCE DEPARTMENT OF THE GOVERNMENT OF INDIA
(MILITARY FINANCE BRANCH).**

TABLE OF CONTENTS.

		PAGE.
MEMORANDUM	...	1-25
ANNEXURES.		
(1) Statements—		
No. 1.	... Net Military expenditure, 1898-99 to 1912-13	... 26
„ 2.	... Net Military expenditure, 1905-06 to 1912-13	... 27
„ 3 (A)	... Special Service expenditure, net, 1884-85 to 1912-13 ...	... 28
„ „ (B)	... Principal Special Service operations, 1898-99 to 1912-13	... 29
„ 4.	... Net savings resulting from absence of troops from India on account of war, etc., 1884-85 to 1912-13.	30
„ 5.	... Expenditure in India on account of food, forage and grass farms, exclusive of amounts included in lines IV, V and IX of Statement No. 1, 1898-99 to 1912-13 (with explanatory note).	31-32
„ 6 (A)	... Annual provision for new Schedule expenditure and actual expenditure incurred, 1898-99 to 1912-13.	33
„ „ (B)	... Progressive recurring cost (estimated) of Schedule measures undertaken between 1898-99 and 1904-05.	34
„ „ (C)	... Analysis of Schedule expenditure, 1904-05 to 1912-13	... 35
„ „ (D)	... Analysis of Schedule expenditure in 1912-13	... 36
„ 7	... Transfers of expenditure between Civil and Military estimates, 1898-99 to 1912-13	37
„ 8.	... Allocation of non-Schedule expenditure by grant heads, 1905-06 to 1912-13.	38-40
„ 9.	... Comparison between authorised and actual strength of men and animals in certain selected years (with explanatory note regarding the Hyderabad Contingent).	41-42
„ 10 (A)	... Schedule stores expenditure ...	... 43
„ „ (B)	... Non-Schedule stores expenditure, excluding Special Services (with explanatory note regarding advance purchases of stores)	... 44-45
„ 11.	... Number and cost of animals (non-Schedule) purchased in certain selected years.	46
„ 12.	... Miscellaneous quasi-contract army grants....	... 47
„ 13.	... Military Works expenditure "Ordinary Demands," 1904-05 to 1912-13 (with explanatory note).	48
„ 14 (A)	... Economies effected during Lord Kitchener's tenure of the appointment of Commander-in-Chief in India.	49-50
„ „ (B)	... Approximate estimate of the extent to which Lord Kitchener's economies have affected the expenditure of successive years.	50
„ 15.	... Economies effected during His Excellency Sir O'Moore Creagh's tenure of the appointment of Commander-in-Chief in India.	51-53
„ 16.	... Permanent recurring non-Schedule expenditure sanctioned during His Excellency Sir O'Moore Creagh's tenure of the appointment of Commander-in-Chief in India (up to 31st March 1912).	54
„ 17.	... Percentage borne by net Military expenditure to net total expenditure (Imperial <i>plus</i> Provincial) 1884-85 to 1912-13.	55
(2) Appendices—		
No. 1.	... The Schedule system and accounts.	... 56-61
„ 2.	... Note on items of expenditure adopted by India at the instance of the Home Government (Line VIII of Statement No. 1).	62
„ 3.	... Standard of ordinary expenditure attained in 1898-99 and 1905-06...	63-65
„ 4.	... Standard of expenditure attained in 1912-13.	... 66-68
„ 5.	... Non-Schedule stores expenditure.	... 69-74
„ 6.	... Note on Statement No. 8 allocating non-Schedule expenditure by grant heads.	75-82
(3) Diagrams—		
No. 1.	... Comparison between the net military expenditure and half the net total expenditure (Imperial <i>plus</i> Provincial) from 1884-85 to 1912-13.	83
„ 2.	... Percentage borne by net military expenditure to net total expenditure (Imperial <i>plus</i> Provincial) from 1884-85 to 1912-13.	84

MEMORANDUM.

MEMORANDUM ON THE COURSE OF MILITARY EXPENDITURE,
1898-99 TO 1912-13.

I.—Introductory.

Under instructions from the Secretary of State, issued in response to a question in the House of Commons, the Military Accountant General has recently prepared a review of the growth of military expenditure during the ten years from 1901-02 to 1910-11 to be laid before Parliament. For the convenience of the Committee, the Military Accountant General has subsequently extended his review on the same lines so as to cover the fifteen years from 1898-99 to 1912-13, and the enlarged review will shortly be in their hands. This document brings out in a convenient form the more salient features of the Reorganisation period, and provides the Committee with an analysis which carries throughout the authority of the Accounts Department. Owing, however, to various technical difficulties, it is impossible, proceeding solely on the basis of accounts figures, to effect as complete an examination of the course of expenditure as is probably required for the Committee's purposes. In particular, it is extremely difficult to analyse the progress of ordinary expenditure until certain special outlay has been entirely eliminated from the figures; and this can only be done with *approximate* accuracy. It is considered, therefore, that the ten years' Review (as it may still be called for convenience, though it now covers a longer period) can be usefully supplemented by the following Memorandum and explanatory statements prepared in the Military Finance Branch of the Finance Department.

2. The progress of military expenditure was examined by the Welby Commission from the Mutiny period up to the year 1896-97. The Mutiny was succeeded by increased expenditure lasting till 1862-63. After this came an almost stationary period, taken by the Welby Commission as lasting till 1884-85. In 1879, in particular, a determined effort was made to curtail the army charges, and a reduction, which amounted to nearly £700,000 per annum, was effected on the recommendations of a Commission which sat in that year.

A fresh period of reorganization began after the Penjeh incident. In their despatch No. 135, dated the 14th August 1885, the Government of India submitted to the Secretary of State expensive proposals for increasing the strength of the Army and improving the conditions of service; and the period from 1885-86 to 1896-97 was accordingly taken by the Welby Commission as one of increased expenditure. But though it began with heavy outlay, it ended under unfavourable financial conditions; and the frontier campaigns of 1897-98 showed that the Army was not in a state of fitness for war on a large scale. The whole position was thereupon reviewed, and proposals for heavy expenditure were again put forward in the Government of India's despatch No. 192, dated the 2nd November 1899. In the meantime, and in the following years, the gold standard had become effective, the revenue expanded, and large surpluses were obtained; and the Army was also allowed to benefit from windfalls obtained through the absence of Indian troops in South Africa and China. The coincidence of improved financial conditions, with the new experience of military requirements afforded by modern warfare, thus introduced a fresh period of reform and reorganization which may be taken as commencing in 1900-01 and continuing, notwithstanding some retardation in recent years, up to the present date.

3. The purpose of the present Memorandum is to compare the standard of expenditure now reached with that obtaining just before this long period of heavy outlay began. The natural year to take as the starting point of such a comparison would be 1899-1900, but the accounts of that year are obscured by large war savings, the exact amount of which is not now ascertainable, and the figures of 1898-99 will accordingly be adopted as representing more closely a normal standard. The terminal point of the comparison will be the current year 1912-13.

* This figure is obtained by converting the saving of Rs. 1,03,20,000 mentioned by the Welby Commission in paragraph 203 of their report, at the rate of Rs. 15 to the pound sterling.

Main branches of expenditure :
 (a) Special or Schedule
 (b) Ordinary.

4. For special reasons which will be explained in due course, certain items or groups of charges will require to be isolated and separately examined ; but in the main, there are two broad classes of expenditure to be considered :— (1) the outlay on those important measures which have been undertaken with special reference to the preparation of the Army for war, and (2) the ordinary established military charges.

Subdivision of period under review into two sub-periods :
 1898-99 to 1905-06 and 1905-06 to 1912-13.

5. On examining the first of these classes of expenditure, a clear line of division is found at the year 1904-05 when, after several years of activity in supplementing the known deficiencies of the Army, the Government of India adopted Lord Kitchener's schemes of Reorganization and Redistribution and submitted them to the Secretary of State in their despatch No. 138, dated the 29th September 1904. This new administrative policy also coincides with a complete change in financial arrangements. Up to 1904-05 the annual provision made for special measures, though not inconsiderable, rested on no defined basis. A variable amount was provided in the annual budget, and large additional sums were also repeatedly obtained from war savings. When accepting Lord Kitchener's schemes, the Government of India decided that they must be carried through in a named period (five years), and that a fixed annual provision (which they put at £ 2½ millions) must be more or less guaranteed. This fixed provision was known as the "Special Grant". This decision was strictly adhered to for two years only (1905-06 and 1906-07). It was found that the large amounts thus provided were far from being fully spent, and in 1907-08 the Special Grant was reduced by £ ½ million, and in the following year the Government discontinued the regrant of lapses. Meanwhile in 1908, after the conclusion of the Anglo-Russian agreement, the Government of India were approached by the Secretary of State on the subject of curtailing their existing and intended expenditure. One result of their examination of this question was that in 1909-10 they abolished the Special Grant altogether, and from that year onwards the annual budget provision for Schedule expenditure has been on a greatly reduced scale. New requirements involving heavy outlay (such as the improvement of the accommodation of Indian troops and the rearmament of artillery) have also become pressing in the interval ; and the schemes with which Lord Kitchener's name was specially associated have ceased to obtain unquestioned priority.

6. The year 1904-05 also marks a change in the method of accounting for Special expenditure. On the institution of the special arrangements for financing Lord Kitchener's schemes, steps were taken to ascertain how far the money allotted was actually spent, and as regards part of the outlay of 1904-05 and more fully from 1905-06 onwards an account has been kept as well as the circumstances admit, though with less elaboration in recent years. For the earlier period no record of actual outlay exists and figures for initial Schedule expenditure cannot be given, though most of the recurring expenditure can still be traced.

7. So far, therefore, as Schedule expenditure is concerned, the period under review would naturally be divided into two sub-periods, 1898-99 to 1904-05 and 1904-05 to 1912-13 ; but owing to accounts difficulties* the dividing line has to be taken at the year 1905-06. Similar considerations make it desirable to consider the ordinary expenditure also under the two sub-periods, 1898-99 to 1905-06 and 1905-06 to 1912-13. Throughout the former sub-period the old arrangements for military administration continued in force. From the 1st April 1906 the Military Department was abolished, the Commander-in-Chief became also the Army Member, and the Finance Department was brought into closer relations with the army authorities by the constitution of the Military Finance Branch. Independently of these changes, the acceptance of the expensive Reorganization and Redistribution programmes necessarily involved the curtailment of ordinary expenditure to the utmost reasonable extent, and the demands made on the army in this direction were intensified in 1908-09 when famine in India and the financial disturbance arising from

* See Appendix No. 1, paragraphs 12 and 15.

the American crisis seriously modified the general financial situation. Military outlay in that year was curtailed, and Lord Kitchener accepted a largely* reduced budget in 1909-10; and though these reductions were obtained in large measure by apparently temporary expedients, their effect has proved unexpectedly lasting. By this time also, though no new policy had been pronounced, the prospective disappearance of the opium revenue and the emphasis laid on the Anglo-Russian Convention, together with the increasing prominence of such questions as those of Education and Sanitation, had become effective in creating the feeling that army expenditure must, if possible, be reduced. In 1910-11 it was found necessary to impose new taxation and the Commander-in-Chief accepted a budget which, excluding the provision of £174,000 for the Arms Traffic operations, was lower by £120,000 (net) than Lord Kitchener's reduced budget of the previous year. For 1911-12, in spite of the provision of £½ million in connection with the Royal visit, it was found possible to frame a budget falling below that of 1910-11 by £132,000 (net); and while this budget was still before the Legislative Council, in March 1911, an assurance was given on behalf of the Commander-in-Chief that army expenditure would be reviewed with the object of eliminating all redundant expenditure. This examination into army charges was continued throughout the summer of 1911; and in the budget of the current year (1912-13) a further and much larger reduction†—amounting to £480,000—was effected, though not without recourse to expedients of a purely temporary nature. Thus throughout the period from 1905-06 onwards there has been a constantly increasing effort to keep down, and actually to reduce, the established military charges.

Recent curtailment
of successive military
budgets.

8. The operation of these conditions, *i.e.*, a long period of continuous

Summary of some
leading characteris-
ties of period under
review.

	Net expenditure less Special Serv.ces. £	reorganizing activity, partly counter- balanced by economies in later years, can be inferred at once on a reference to the net military expenditure of 1898-99, 1905- 06 and 1912-13, the figures for which,
1898-99	... ... 15,468,000	
1905-06	... ... 19,479,000	
1912-13	... ... 18,896,000	

less the outlay on war and similar operations, are given in the margin. A rise of practically £4 millions a year is seen to have occurred by 1905-06, while in the last seven years there has been an apparent fall of close on £600,000 a year. These bare results are, however, misleading. There was indeed a large increase of expenditure prior to 1905-06, but not all of it was permanent: a large portion was due to the provision of funds in the latter year, for the financing of the schemes of Reorganization and Redistribution, on a scale which was never intended to be more than temporary. Then, again, much of the increase which took place before 1905-06 was in a special sense unavoidable. During these years expensive concessions were made to the British soldier at home which had necessarily to be extended to the British soldier in India. Nor would it be right to conclude that there was any unusual inflation of ordinary charges. Such charges did expand: but analysis indicates that their growth contributed comparatively little to the aggregate increase of military expenditure in these years.

Turning again to the second sub-period, *i.e.*, from 1905-06 to 1912-13, it would be equally incorrect to regard the period as one of which retrenchment was the only characteristic feature. The Reorganization scheme and other special measures have entailed a large permanent addition to the military estimates: a far larger addition, in fact, than could be covered by any definite economies effected, important and genuine as these have been. The main counterbalancing factor is the return to a more normal standard of Special expenditure. And the comparative results are also appreciably affected by the fact previously alluded to that the budget of 1912-13 is much below the true standard of military expenditure attained to-day.

* The net budget of 1909-10 was actually only £85,000 below that of 1908-09, but it provided for £720,000 of new charges, arising from the increase of the capitation rate by £300,000 under the award of the Romer Committee and the enhancement of the pay of officers and men of the Indian Army at a cost of £420,000.

† The net Military Budgets from 1908-09 onwards have been: 1908-09 — £19,738,000; 1909-10 — £19,653,000; 1910-11 — £19,707,000; 1911-12 — £19,575,000; 1912-13 — £19,095,000.

**II.—Examination of principal special heads of military expenditure,
1898-99 to 1912-13.**

*Abstract of principal expenditure figures of the period.
(Statement No. 1.)*

9. This rapid summary of some of the leading conditions which have recently influenced military expenditure illustrates the necessity for the main statistical statement to which all the enquiries in this Memorandum lead up, i.e., Statement No. 1 of the attached enclosures. For convenience of reference its leading figures (net) are abstracted below :—

Heads.	1898-99.	1905-06.	1912-13.	Increase + Decrease — between 1898-99 and 1912-13.
				£
I.—Special Services	1,007,000	198,000	199,000	—808,000
II.—War savings	—45,000	—21,000	—77,000	—32,000
III.—Food charges*	1,263,000	1,388,000	1,445,000	+182,000
IV.—(i) Annual new Schedule expenditure, 1898-99 to 1904-05† ...	194,000	...	...	—194,000
(ii) Permanent recurring expenditure entailed by (i) ...	17,000	862,000	810,000	+793,000
V.—(i) Annual new Schedule expenditure, 1904-05 to 1912-13‡ ...	...	2,003,000	520,000	+520,000
(ii) Permanent recurring expenditure entailed by (i) ...	...	23,000	1,430,000	+1,430,000
VI.—Award of Welby Commission ... ...	...	—230,000	—230,000	—230,000
VII.—Award of Romer Committee ... ...	...	..	300,000	+300,000
VIII.—Messing allowance, kit allowance, service pay, and other charges, adopted at instance of Home Government	127,000	854,000	733,000	+606,000
IX.—Transfers from Civil Estimates ... ...	...	253,000	280,000	+280,000
X.—Growth of non-effective charges§ ... ...	...	—68,000	82,000	+82,000
XI.—Loss by exchange	85,000	...	...	—85,000
XII.— <i>Total Special Heads</i> ...	2,648,000	5,262,000	5,492,000	+2,844,000
XIII.— <i>Balance "Ordinary expenditure"</i>	18,827,000	14,415,000	13,603,000	—224,000
XIV.— <i>Grand total net Military expenditure</i>	16,475,000	19,677,000	19,095,000	+2,620,000
Ditto less Special Services ...	15,468,000	19,479,000	18,896,000	+3,428,000

* Adjusted so as to exclude amounts included in Lines IV, V and IX—see Statement No. 5.

† i. e., totals of Lines IV (a) and IV (b) of Statement No. 1.

‡ i. e., totals of Lines V (a) and V (b) ditto.

§ Adjusted so as to exclude amounts already included in Lines V and IX.

It is proposed to examine separately each of these main heads.

Special Services.

	£
1898-99	... 1,007,000
1905-06	... 198,000
1912-13	... 199,000

10. The appended Statements Nos. 3 (A) and 3 (B) show, respectively, the annual net expenditure on field operations and other special services since 1884-85, and the principal operations undertaken, with the total cost of each, since 1898-99. These fluctuating and largely fortuitous charges must naturally be eliminated at the outset of any examination of the course of military expenditure. Since the Tibet Mission in 1903-04 there have been no field operations on a large scale. But the prolongation of the Arms Traffic operations over four years is gradually bringing the total for that service to a high figure (estimated to amount by the 31st March 1913 to £484,000), and the simultaneous occurrence in 1911-12 of the Royal Visit and of the Abor operations led to unusually heavy expenditure (£642,000) in that year. The budget provision for 1912-13 represents, in the main, the grants of £36,000 for the winding up of the Abor expedition, of £133,000 for the continuance of the Arms Traffic operations, and of £11,000 representing the Government of India's share of the cost of the retention in Persia of the additional troops despatched to that country in 1911-12.

Special Service expenditure.

War savings.

	£
1898-99	... 45,000
1905-06	... 21,000
1912-13	... 77,000

11. The estimated annual savings obtained from the absence of troops from India on field service and other similar employment at the charge of the Home Government are given as closely as they can be calculated in Statement No. 4, which covers the years 1884-85 to 1912-13 inclusive. It is necessary to emphasise the fact that, where the amounts are large as between 1899-1900 and 1904-05, anything like exact estimation has been impracticable, and the figures must be received with caution. This circumstance, combined with the complete uncertainty as to the actual Schedule expenditure in the same period, hopelessly obscures the transactions of those years; and there is some reason to conjecture that even later years (*e.g.*, the stores transactions of 1905-06) may have been indirectly affected by the abnormalities in expenditure which resulted from the long duration of the South African War. The war savings in 1898-99 (£45,000) and again in 1905-06 (£21,000) were small, and in themselves of no special significance. The figure for 1912-13, namely £77,000, represents a saving of £57,000 in respect of the pay, etc., of troops despatched to China last year, and a recovery of £20,000 from the War Office for the expenses of the Royal Indian Marine vessels which transported them. As pointed out elsewhere, the substantial relief thus obtained is one of the circumstances which must be taken into account in any attempt to ascertain how far the budget figure of 1912-13 represents correctly the attained standard of military expenditure.

War savings.

Food charges.

	£
1898-99	... 1,263,000
1905-06	... 1,388,000
1912-13	... 1,445,000

12. The feeding of the Army is of course a primary as well as a highly expensive military service; and the outlay involved is in a special measure dependent on efficiency of organization and control. But these charges are subject to extreme fluctuations at times of famine and scarcity, and also under the influence of the wider movements of prices, and their inclusion in the ordinary figures would completely obscure the normal course of expenditure. They have accordingly been dealt with separately.

Food charges.

13. The manner in which the figures in line III of Statement No. 1 have been obtained is indicated in Statement No. 5. The food and grass farm charges must be dealt with in combination, because the large extension of grass farm operations in recent years should reduce, and no doubt has considerably reduced, the charges which would otherwise have come forward on account of compensation. Account must also be taken of certain changes in classification which render a comparison on a uniform basis somewhat difficult to effect. Finally, a deduction has to be made in every year's food figures on account of any increase of food charges arising from Schedule measures and transfers from the Civil estimates. Otherwise such additional charges will appear twice in Statement No. 1. The deduction on this account amounts in the later years to nearly £240,000.

14. As all important additions to the Army, whether of men or of animals, arise out of Schedule measures, the adjusted line of food figures represents the cost of feeding approximately the same sanctioned strength throughout the fifteen years. The yearly actuals are always of course affected, though to a relatively slight extent, by variations in the annual discrepancy between authorised and actual strength, but, in the main*, the fluctuations of the adjusted figures must be regarded as due to one or other of the following three causes:—

- (a) Fluctuations of prices.
- (b) Increasing economy due to the supply of grass by farm production and purchase.
- (c) Varying efficiency of administration.

15. The effect of a rise of prices is clearly seen in the years 1906-07, 1907-08, and finally 1908-09 when the food charges reached the enormous total of £1,982,000. From that point prices gradually recovered, until the autumn of 1911-12 when there was some set-back, owing to the delay in the establishment of the monsoon, which led to the budget estimate of 1911-12 being slightly exceeded. Had conditions last autumn remained perfectly favourable, it is probable that a budget figure of about £1,400,000 might have been adopted for 1912-13. It rarely happens, however, that the sequence of several seasons of completely favourable conditions, which is required to reduce food expenditure to its practical minimum, is obtained; and the budget figure of the current year may be taken as a reasonable normal provision.

It will be noticed that the food charges had reached their highest point just before the progressive curtailment of the annual budget (described in paragraph 7 above) became a regular practice; and the fact that the period of diminishing budgets was also a period of recovering prices helps to explain why that practice did not involve a breakdown. A further explanation of a similar kind will be found when the Stores charges come to be dealt with.

16. The question naturally arises whether the increase in the food charges of 1905-06 and 1912-13 as compared with those of 1898-99 is in close correspondence with the rise in prices in the same periods. The subject is a complicated one, and it is not proposed to offer detailed calculations. It has, however, been gone into with considerable care in the Quartermaster-General's Branch, and the results are interesting, and also, it is believed, as trustworthy as the intricacy of such calculations permits. Price statements were first obtained from an independent source, *i.e.*, the office of Commercial Intelligence. Index numbers were then worked out, duly weighted with reference to the classes and quantities of the leading articles entering into the military food bill, and variations between actual and sanctioned strength were duly taken into account. The results are as follows. If 1898-99 be taken as the starting point and regard be had only to the relatively higher prices of the later years, the food bill of 1905-06 might have been expected to be £36,000 above the amount actually attained. In 1910-11 the actuals fall short of the calculated figure by as much as £88,000, and in 1911-12 by £90,000. If 1905-06 be taken as the starting point, the actuals of 1910-11 and 1911-12 show a shortage of £16,000 and £50,000 respectively. Without taking these figures too precisely,

* It should be added, however, that food and forage charges have been reduced by £12,000 a year permanently and £13,000 temporarily through certain economies included in Statements Nos. 14 and 15, and by another £12,000 a year owing to the discontinuance of farm rentals (*vide* the foot-note to paragraph 47). Of these amounts (totalling £37,000), the whole enters into the year 1912-13, £19,000 into 1911-12, £16,000 into 1910-11, and nothing into 1905-06.

there seems a fair probability that economy in grass supply and improved control have kept the food expenditure of recent years at a figure considerably below what they would otherwise have reached ; and at the lowest estimate the increase of £182,000 exhibited in line III of Statement No. 1 must be regarded as fully accounted for by the rise in prices.

Schedule Expenditure.

17. The technical aspects of the question of ' Schedule', or " Special", expenditure have been examined at some length in Appendix No. 1, and certain prominent points have also been incidentally noticed in paragraphs 5 and 6 above ; but it may be useful to add a more general account of the subject.

18. The sanctioning, or rejection, of proposals for new expenditure is part of the everyday business of the Army and Finance Departments of the Government of India, and in the great majority of instances the proposals accepted are of trifling importance, and frequently involve no permanent expenditure. Sanction is given ; the orders are communicated to the administrative and accounts authorities ; and in due course, if recurring expenditure is involved, provision is made in the budget of the following year without further question.

But it is inevitable also that proposals of a more important character should come forward from time to time, quite independently of the declared adoption of any new line of policy. New buildings must be provided, or old buildings reconstructed ; substantial additions may become necessary to existing establishments ; a general rise in prices and wages may necessitate the enhancement of the pay of different classes of military employés ; or minor articles of equipment may be superseded by improved patterns. When proposals of this kind come forward and it is found that their cost is likely to exceed £3,833 (Rs. 50,000), they are dealt with by a special procedure, which has its origin in the obvious necessity for limiting the annual outlay on measures of this kind, and in the administrative necessity for determining which of the many demands against the limited funds available are most urgent and should receive priority. Each year, therefore, an annual amount is fixed for this purpose, and a Schedule, or list, of the measures to be financed from this grant is drawn up. The grant made is known as the " Schedule Grant ", and the measures included in the list are described as " Schedule Measures " ; and the outlay on such measures is now distinguished,* as far as practicable, from the ordinary established charges on account of pay, conveyance, supplies and so forth, and also from the new expenditure which is sanctioned every day in small amounts in the ordinary routine of administration.

19. Finally there may be new departures of policy supported by definite programmes, as in the case of the Reorganization and Redistribution schemes, or originating merely in the simultaneous recognition of many deferred requirements as in the case of the reorganizing activity between 1900-01 and 1904-05, but in either case involving, possibly over a prolonged period, an altogether extraordinary scale of outlay. The same result may also follow in the case of individual measures of rearmament of the more costly type, when efficiency has become vitally involved and conditions of urgency arise which override every day financial considerations.

Here, too, the procedure just described is enforced. Any individual measure costing more than Rs. 50,000 must be financed through the Schedule or Special Grant, which, however, as mentioned above, must inevitably in practice be enlarged for the purpose.

20. Statement No. 6(A), which shows the budget provision for Schedule expenditure since 1898-99 and the actual amounts spent so far as they are known,^(b) clearly illustrates the foregoing processes. In 1898-99 and 1899-1900 the Schedule expenditure was mainly of the ordinary kind described in paragraph 18, the grants made were limited to £201,000 and £355,000, respectively. From 1900-01 onwards many important measures of a special character were undertaken over and above the larger everyday requirements ; the budget grant was doubled and trebled ; additions were also made from war savings ; and for the three years ending 1903-04 the annual Schedule provision reached an

* Not, however, in the public accounts, which has been found impracticable (*vide* Appendix No 1, paragraph 18, but (in recent years) by means of special compilations. As regards earlier years (i.e., up to 1904-05), see paragraph 6 *supra*.

Schedule expenditure
(a) General description of Schedule system.

(b) Annual new Schedule expenditure, 1898-99 to 1912-13.

average figure of practically £1½ millions. Later, when the Reorganization and Redistribution schemes were accepted in 1904-05, provision had to be made first for the ordinary requirements described in paragraph 18 above, secondly for the extraordinary measures previously accepted, and lastly for the new programmes; and a fixed annual provision of £2½ millions a year for five years was contemplated. The provision in 1904-05 and again in 1905-06 in fact exceeded £3 millions, being swollen in the latter year by the regrant of lapses. In 1906-07 it amounted to £2½ millions, and in 1907-08 and 1908-09 the sum provided was still about £1½ to £1 million a year. The period of restriction which began with 1909-10 has already been described in paragraphs 5 to 7 above. It has resulted in the lowering of the average* provision for new Schedule expenditure to a little less than £½ million annually.

(c) Permanent recurring expenditure entailed by measures undertaken between 1898-99 and 1904-05.

21. A reference to the 'abstract of Statement No. 1 in paragraph 9 will show that this prolonged effort has also left behind it a large permanent addition to the military estimates. There has always been some doubt as to how far the grants made prior to 1904-05 were fully spent. The lapses were undoubtedly large. But it is still possible to trace much of the recurring expenditure, and renewed enquiry into that point indicates that the measures undertaken up to 1904-05 were already costing £821,000 in that year. Owing to the fact that certain measures (such as the addition of officers to the Indian Army) do not attain their full cost for a long period, the liability was an increasing one.† In 1906-07 it had risen to £ 871,000, and though Lord Kitchener's economies have since effected a recurring saving of £98,000 on this particular group of measures, their cost in 1912-13 was still as high as £810,000 per annum, and may be expected ultimately to rise to £940,000.

To show what the Army is now getting from this outlay a list has been drawn up, and is enclosed as Statement No. 6 (B), which indicates all the measures taken into account in the foregoing calculation. The figures of cost for these measures are of course estimates, and all initial expenditure connected with them is excluded. Any measures involving initial expenditure only are also omitted, as it is impracticable to obtain any trustworthy figures. With these qualifications, however, the list will, it is thought, usefully supplement the recorded data for the period.

(d) Permanent recurring expenditure entailed by measures undertaken between 1904-05 and 1912-13.

22. With the year 1904-05 a fresh start was made; and the calculation of Schedule expenditure from this point includes not only the Reorganization and Redistribution expenditure and any other important measures first suggested in this period, but also the earlier accepted reorganization measures which were taken over into the new account. The recurring cost already attained, i.e., by 1912-13, now stands at £1,130,000 per annum. In this case it is not considered necessary to attach a list of the measures undertaken, as the information is readily available. An analysis of the Schedule expenditure since 1904-05 and also of that provided for in the budget of 1912-13 has, however, been prepared in Statements No. 6 (C) and 6 (D) with a view to bringing out clearly the extent to which the aggregate outlay of the period is due to (a) the "Reorganization" and "Redistribution" schemes proper, (b) other extraordinary measures costing £100,000 or over, and (c) Schedule measures costing less than that amount, i.e., broadly, Schedule measures of an ordinary character.

(e) Outlay on the Reorganization and Redistribution schemes.

23. The main facts relating to the expenditure involved by the Reorganization and Redistribution schemes are summarised in the statement opposite. The original cost of the complete programmes was never estimated on a detailed and authoritative basis, though the Government of India undertook to carry them out at a cost not exceeding £6½ millions initial and £1½ millions recurring. The relation between these figures and those about to be given is still under investigation in the Finance Department, but it is doubtful whether they amounted to more than lump sum approximations. It is also necessary to mention that in 1908-09, in view of the contemplated discontinuance of the Special Grant, Lord Kitchener went through the programmes and indicated a number of measures as suitable for postponement, and the Government of India have since been working against the reduced programmes only. The estimates for the deferred measures have not again come under revision, nor has there been any definite pronouncement as to whether they will eventually be taken in hand or not.

* 1909-10 to 1912-13 inclusive.

† See Appendix No. 1, paragraph 7.

	Initial.	Recurring.
	£	£
(1) Expenditure incurred on Reorganisation and Redistribution between 1904-05 and 1912-13 [Statement No. 6 (C)].	Army ... Military Works ...	1,735,965 1,284,170
(2) Expenditure* remaining to be incurred on the reduced programmes [Statement No. 6 (D)].	Army ... Military Works ...	182,000 291,000
(4) Total cost of reduced programmes ...	...	3,441,135
(3) Estimated† cost of deferred items ..	3 Battalions, British Infantry Other Army measures Military Works ...	90,000 432,000 938,000
(b) Total cost of complete programmes ...	...	†4,901,135
		443,920
		1,933
		38,000
		...
		481,920
		229,800
		142,900
		372,000
		...
		1,987
		443,920

* These figures are based on a recalculation recently made in the Finance Department.

The cost of the three additional British Infantry battalions proposed in the Reorganization programme was not estimated at the time, and a standard figure has now been given. The remainder of the figures are taken from the statements sent annually to the Secretary of State showing the Reorganization and Redistribution measures completed, in progress, or deferred. There has, however, been no fresh estimating of the cost of the deferred measures since the decision to hold them in abeyance.

These figures cut the cost of abandoned measures, representing £817,000 initial and £54,000 recurring.

It will be seen that the total cost of the complete programmes falls considerably below the lump figures originally taken by the Government of India. It should be mentioned, however, that, apart from any new recurring expenditure which remains to be incurred before the reduced programmes are completed, the recurring expenditure already attained (£443,000) is an automatically increasing figure, and it is calculated that it will ultimately rise to £514,000.

(f) Outlay on other large measures.

24. The non-reorganization measures costing over £100,000 are enumerated individually in Statement No. 6 (C) already referred to. The total outlay in the period on these larger measures has been £3,551,000 initial and £629,000 recurring, the annual average being thus £522,000. The budget provision for these larger measures in 1912-13 amounts to £339,000.* At the present moment, even apart from the balance of Lord Kitchener's programmes, there are some particularly costly schemes on hand (improved accommodation for Indian troops, the rearmament of artillery, and the purchase of short rifles), and at least one extremely expensive measure is foreshadowed in the near future, *i.e.*, the introduction of a small calibre rifle. It is not likely, therefore, that the current year's budget figure under this head will be improved upon materially in the next few years.†

As in other cases the recurring figure (£629,000) is again an automatically increasing amount, the calculated eventual maximum being £699,000.

(g) Normal standard of outlay on minor Schedule measures.

25. The remaining measures, *i.e.*, those unconnected with Reorganization and Redistribution and costing less than £100,000 in each case, have accounted during the last seven years for an annual average expenditure of £228,000. The figure is significant as affording a general indication of the probable amount at which the Schedule ought to stand when the older reorganization schemes have been disposed of, and at a time when there are no very costly rearmament or similar measures in hand. The standard so obtained also agrees fairly closely with figures which independently suggest themselves to those conversant with the course of Indian military requirements. It requires, however, some correction. The distribution of the annual average above given between initial (£181,000) and recurring expenditure (£47,000), on the basis of the last seven years' experience, assigns to recurring expenditure a proportion which is probably far too high for normal requirements. A purely monetary limit (that of £100,000) fails to exclude a number of measures which really originated in the reorganizing activity of the period ending with 1908-09, and would not come forward so freely in normal times. The recurring expenditure of £20,000 a year for the raising of the 106th Hazara Pioneers is a case in point. The constant examination and improvement of service conditions generally, civil as well as military, is an equally characteristic feature of the period, a typical example being supplied by the grant of kit money and boot allowance to Indian soldiers at a cost of £70,000 a year in 1905-06 and 1906-07. In the last four years, as will be seen from line V(b) of Statement No. 1, the annual rate at which Schedule operations augment the permanent expenditure has greatly diminished, the average addition in these years being £23,000 per annum only. A Schedule confined to minor measures and made up for the most part, as it would necessarily be, of military works projects, would probably under ordinary conditions not add more than £20,000 a year, if as much, to recurring expenditure.

26. Working, then, upon the past seven years' average, it may perhaps be suggested that the present standard of expenditure on minor measures may be taken, in round figures, at Rs. 35½ lakhs or £233,000 per annum. This does not compare unfavourably with the budget figures of 1898-99 and 1899-1900 (£201,000 and £355,000 respectively), especially if regard be had to the § restriction.

* The Government of India has since asked the Secretary of State to sanction, in addition to this amount, a further expenditure of £80,000 on the purchase of additional rifles.

† See also Appendix No. 4, paragraph 7.

‡ See also Appendix No. 4, paragraph 7.

§ As far as is now known, practically no important measures were undertaken for some years prior to 1900-01, with the exception of the construction of the R. I. M. S. Hardinge tanks, which £100,000 were paid in 1899-1900. Some further figures on the subject are given incidentally in paragraph 2 of Appendix No. 3 from which it will be seen that the average Schedule outlay (excluding the payment for the R. I. M. S. Hardinge) from 1895-96 to 1899-1900, as far as it can now be traced or inferred, was about £231,000, - a figure curiously close to that suggested in this paragraph.

tions on outlay about that time ; or with the Government of India's own rough estimate in 1904-05 (Rs. 25 lakhs) of annual requirements for non-redistribution military works.

In the Schedule of 1912-13 the provision for minor measures was specially restricted in view of what was understood to be the general financial situation, and amounts to £136,000 only as compared with the suggested standard of £233,000. A return to a higher figure may be expected.

27. The reference in paragraph 25 to the general improvement of service conditions, which began soon after the attainment of stability of exchange in 1899 and continued during the succeeding years of expanding revenue and large surpluses, perhaps deserves the further emphasis supplied by the following figures, which distinguish the extent to which the recurring expenditure entailed by the double period of reorganization has been due to improvements of pay and allowances and similar personal concessions, and the amount arising from increases of strength, direct improvements of administrative efficiency, and so forth. The distribution is as follows.

	Pay concessions.	Other causes	Total per annum.
(1) Recurring expenditure entailed by Schedule measures from 1898-99 to 1904-05.	£ 145,000	£ 665,000	£ 810,000
(2) Recurring expenditure entailed by Schedule measures from 1904-05 to 1912-13.	538,000	892,000	1,430,000
Total ...	683,000	1,557,000	2,210,000

Much the largest measure included in these pay concessions was the improvement, simultaneously, of the pay, etc., of the officers and men of the Indian Army in January 1909, at an annual cost of £120,000.

28. To sum up :—

- (a) The aggregate new Schedule expenditure from 1898-99 to 1904-05+ is not known : but the aggregate provision‡ by budget and additional grants amounted to £7,715,000. From 1904-05 to 1911-12 the aggregate new expenditure has been £8,308,000 against a total provision of £11,443,000. The budget provision for 1912-13 is £520,123.
- (b) The Schedule operations of the fifteen years have added to the permanent military expenditure an annual charge of £2,240,000, a charge which is expected to increase automatically, quite independently of any further measures undertaken or of the completion of measures already in hand, to £2,533,000.
- (c) Though the high rate of annual provision for new Schedule expenditure which obtained between 1900-01 and 1908-09 has been discontinued, the important measures still on hand necessitate a substantial annual grant on their account, and the provision so made in 1912-13 (£339,000) must be regarded, for immediate practical purposes, as a quasi-permanent increase of military expenditure, as compared with 1898-99 and the few years preceding during which such measures were apparently not being undertaken at all.
- (d) As regards minor or ordinary Schedule measures there has apparently been no real increase above the earlier standard, but the provision made for such measures in 1912-13 is known to be abnormally low—to the extent—say—of £97,000.

(+) Summary.

* This does not take into account an addition to recurring expenditure of £602,000 representing increased pay conceded to British officers and soldiers in India, between 1898-99 and 1904-05, at the instance of the Home Government [see line VIII of Statement No. 1]. The figure £538,000 similarly omits the increased pay (£4,000) of Veterinary officers in 1905-06.

† i.e. under the old Schedule system—see Appendix No. 1, paragraph 12.

‡ See Statement No. 6(A).

Contributions from and to the Home Government.

Awards of Welby
Commission and
Romer Committee.

29. With effect from 1901-02 the Home Government, under the award of the Welby Commission, gave an annual contribution of £230,000 towards certain expenses connected with Aden and with trooping, and the military estimates have since been relieved to this extent. This relief was, however, more than counterbalanced by the decision of the Romer Committee, which came into full effect from 1909-10, that the capitation rate payable by India in respect of British troops should be increased to an extent representing an additional charge of £300,000 a year.

Charges accepted in India at the instance of the Home Government.

Messing allowance,
kit allowance, service
pay &c.

30. The period under review is one in which the Government of India have been obliged, at the instance of the Home Government, to make expensive improvements in the conditions of service of the British troops and others. The various concessions are enumerated in Line VIII of Statement No. 1 and explained in Appendix No. 2. The principal measures have been the grant of messing allowance (1898-99) costing £160,000, of kit allowance (1902-03) costing £207,000, and of service pay (1904-05) costing £467,000. The full effect of these concessions was disguised for some years by the absence of troops in South Africa and China; but by 1907-08 the charge entailed amounted to £878,000 per annum. Since that date there has been an appreciable fall owing to the gradual replacement of service pay by the less expensive form of allowance known as proficiency pay. The total charge had thus been reduced in 1912-13 to £783,000. But the further reduction, if any, will be very small and gradual.

It is desirable to isolate these charges, not so much because they represent expenditure in the inception of which the Government of India had little or no share, but to emphasise the fact that the large expenditure on improvements of pay and service conditions generally, which the Government of India have been compelled to undertake on behalf of the Indian services proper, has its counterpart in similar concessions granted at home to the British soldiers. There is of course no difference of principle between a pay concession financed through the Schedule and these special concessions to British soldiers and others which have been separately exhibited; and the essential facts of the period are best brought out by combining the figures in this paragraph with those given in paragraph 27. This gives the following results:—

	£
Permanent increase of expenditure owing to pay and similar concessions	... ... 1,289,000 per annum.
Permanent increase of expenditure owing to Reorganization and other measures for the improvement of the Army costing more than £3,883	... 1,557,000 ,

Transfers from Civil to Military Estimates.

Transfers from
Civil estimates.

31. In a number of cases, cited in Statement No. 7, important charges previously borne by the Civil estimates have been transferred to the Military budget, and the net addition to military expenditure on this account, after allowing for a few transfers in the opposite direction, amounted by 1912-13 to £280,000. The principal new charge of this kind was connected with the incorporation of the Hyderabad Contingent in the regular forces with effect from the 1st October 1902.

Growth of Non-effective Charges.

Non-effective
charges.

32. In 1907 the pension rules for Indian troops were altered at a cost which is calculated by the present date to have amounted to £24,000, and to be likely in the ultimate future to reach a maximum of £62,000. This special increase of expenditure is included in the estimate of permanent

recurring expenditure entailed by Schedule measures. But apart from this, there has been some considerable automatic increase in non-effective charges since 1898-99. A complete analysis of the causes of this increase and of its prospects of future development is hardly practicable. As regards the Indian army, it is considered generally that no steady growth need be anticipated. But the Home charges are likely to continue to rise. The fluctuations in the annual figure in the earlier portion of the period under review are partly connected with the retention of men in view of the South African War and the adjustments which took place thereafter. But as regards the figures as a whole, and particularly as regards the recent steady growth, it is broadly correct to say that they are independent of the administration of the fifteen years under review and originate in changes of rule and system belonging to an earlier date.

Loss by Exchange

33. The figures used in this Memorandum are all in sterling, rupee expenditure having been converted at the rate of Rs. 15 a pound, in accordance with the practice now adopted in the Imperial accounts generally. From 1899-1900 onwards this has also been the rate at which the British soldier has received in India, in rupees, the sterling pay and allowances to which he is entitled. But before that year when the rupee had not become convertible at 1s. 4d., it was necessary to pay the soldier with reference to the rate of exchange actually current, i.e., in addition to Rs. 15 for every pound due, the Government of India had to pay him a further amount in rupees owing to the low exchange. This further payment constitutes the bulk of the sum which appears in Line XI of Statement No. 1, the remainder (£5,000) representing the amount by which the fact of the rupee being slightly below 16d. in 1898-99 enhanced the exchange compensation allowance paid to officers and subordinates.

Loss by exchange.

Summary for Special Heads.

	Aggregate net expenditure under all Special Heads.			Increase between 1898-99 and 1912-13.
	£	£	£	£
1898-99	2,648,000
1905-06	5,262,000
1912-13	5,492,000 2,844,000

34. The outstanding facts of the period can now be briefly summarised so far as concerns the Special Heads analysed above. It will be seen that the increase under some of these heads is of an intrinsically permanent character. In the case of the food charges and of the increased annual provision for Schedule expenditure, a reversion to a lower standard is theoretically possible: prices might fall to their earlier level, and the Schedule could at any time be arbitrarily curtailed. But from the practical point of view, it seems best to regard these increases as of a quasi-permanent character. Under the remaining heads such as Special Services and War Savings, the fluctuations are devoid of permanent significance, while in the case of loss by exchange (which may be conveniently placed in the same group) there has of course been a permanent gain from the establishment of a fixed exchange at 1s. 4d.

The following are the figures so grouped :—

(i) Permanent increases of military expenditure—	£	£
(a) Pay and similar concessions	...	1,289,000
(b) Reorganization, including minor measures	...	+ 1,557,000
(c) Automatic growth of non-effective charges	...	+ 82,000
(d) Net increase in contributions to Home Government	+	70,000
(e) Net charge transferred from the Civil to the Military estimates	...	+ 280,000
Total	...	+ 3,278,000

*The rate adopted was not the actual rate, which varied from day to day, but was settled in the budget on anticipations formed as to the probable course of exchange.

	£	£
Brought forward	...	+ 3,278,000

(ii) *Quasi-permanent increases of expenditure—*

(a) Increased food charges	... ...	+ 182,000
(b) Increased annual provision for Schedule measures	...	+ 309,000*
		<hr/>
Total	...	491,000
		<hr/>
Total real increase of expenditure	...	+ 3,769,000

(iii) *Other changes—*

(a) Special services lower in 1912-13	... ...	— 808,000
(b) War savings higher in 1912-13	... ...	— 32,000
(c) Loss by exchange terminated	... ...	— 85,000
		<hr/>
Total	...	— 925,000
		<hr/>

Net increase as shown in the heading of this paragraph 2,844,000

III.—Examination of Ordinary Expenditure—1898-99 to 1912-13.

Necessity for separate treatment of "Ordinary expenditure".

35. With certain evident qualifications, the groups of charges so far examined illustrate, in terms of expenditure, the higher policy of the Government of India and its effects, financial considerations occupying a subordinate, though not a negligible, place. The course of the remaining expenditure, the so-called "Ordinary expenditure" of this Memorandum, is to some extent at any rate an index to the efficiency of the regular military administration, including the system of financial control. A further reason for the separate examination of this expenditure is that its importance has been somewhat overshadowed in recent years by the attention paid to the special programmes on which the Government of India have been engaged, and its facts obscured by the uncertain element of Schedule outlay generally. The fluctuating figures of each year have of course been duly connected with those of the preceding year in successive financial statements and appropriation reports. But no systematic review of military expenditure over a prolonged period has recently been attempted.

Normal standards of Ordinary expenditure in 1898-99, 1905-06 and 1912-13.

36. The totals for ordinary expenditure in line XIII of Statement No. 1 exhibit a considerable increase up to 1905-06 and an enormous subsequent reduction, the result for the whole period being an actual decrease amounting to £224,000 a year. In analysing this reduction, the first step will obviously be to consider how far the figures of the years selected for comparison, namely 1898-99, 1905-06 and 1912-13, are normal standards for the dates in question. This has been attempted in Appendices Nos. 3 and 4. The conclusion arrived at is that the figure for Ordinary expenditure in 1898-99, as obtained in line XIII of Statement No. 1, may be accepted for this purpose. In the case of the year 1905-06, a correction has to be made for the excess strength of men and animals in that year, and also for the abnormally high stores expenditure as well as certain large fluctuations in the Home charges. The Stores question has also to be allowed for in dealing with the year 1912-13, such expenditure in that year having been relieved by advance purchases in 1911-12, and even so being abnormally low. Special adjustments are also required in view of the temporary, or not fully sanctioned, economies for which credit was taken in the 1912-13 budget and of an extraordinary receipt arising

* Or £106,000 if the fact of the provision for minor measures in 1912-13 being abnormally low be taken into account. [See paragraph 28 (d) *supra*]

from the sale of surplus clothing stores. The following table compares the actual figures and the standards thus obtained :—

		" Ordinary expenditure" as given in line XIII of Statement No 1.	Normal standards of Ordinary expenditure ob- tained in Appendices Nos 3 and 4
		£	£
1898-99	...	13,827,000	13,827,000
1905-06	...	14,115,000	14,102,000
1912-13	...	13,603,000	13,891,000
Increase (+) of expenditure from—			
Decrease (—) of expenditure from—			
1898-99 to 1905-06	...	+ 538,000	+ 275,000
1905-06 to 1912-13	...	—812,000	—211,000
1898-99 to 1912-13	...	—224,000	+ 61,000

37. The normal figures thus materially alter the results previously obtained, and exhibit recent reductions of expenditure as less substantial in their ultimate effect on the Military budget than would have been supposed at first sight. The essential characteristics of the two periods remain, however, the same. Moreover, certain qualifying considerations may fairly be brought to notice. In the first place, the comparison made is one between budget provision for 1912-13 and actuals for the other years, and there is always some tendency for a lapse to occur, even with the strictest estimating, owing to the cumulative efforts of many different authorities to prevent any possibility of excess in their own grants. Secondly, though the examination of the Stores expenditure in Appendix No. 5 points to the conclusion that there has been no material change in the annual aggregate of stores requirements, so that the lower* figures since 1908-09 merely represent a return to, or below, normal, the more regular indenting of recent years does imply greater economy as well as improved financial convenience and order, since it obviates the loss which arises when surplus stocks have to be sold because they have been obtained in such large quantities that they deteriorate or become obsolete before they can be fully used. Of this there have been several recent examples. Thirdly, in estimating the position of military expenditure to-day, no credit has been taken for any measure of economy which is not yet fully sanctioned. In effect, therefore, the entire results of the review of military expenditure undertaken in 1911 have been ignored, with the exception of three or four small measures† effecting a saving of about £10,000 a year which were finally passed before the current year's budget was framed.

28. The figure showing the increase of expenditure up to 1905-06 (£275,000), like that showing the subsequent decrease, is of course a net figure, and doubtless implies a much larger body of additions to expenditure and a certain number of counterbalancing reductions. It is hardly practicable, now, to trace these earlier transactions with anything like completeness : nor can they be satisfactorily connected with the figures of 1905-06 to 1912-13, owing to the change of the system of classification from 1907-08 onwards which creates a complete break in the statistical history of the last fifteen years.

No attempt therefore will be made to show in detail how the increase of £275,000 in annual expenditure up to 1905-06 was brought about, though for other purposes it will be useful to supply some information about these earlier years, and the figures of those years will be noticed briefly in the more technical presentation of the subject which will be found in Appendix No. 6. It need

Method pursued in
analyzing the "Ordinary expenditure".

* See last column of Statement No. 10 (B).

† Namely those in group (a) of Statement No. 15(A).

only be said here that in the seven years ending 1905-06 there was a general increase of expenditure of which the increase given (£275,000) is probably a fairly trustworthy index, and that it cannot be decided with certainty how far this increase was due to sanctions to new expenditure being on a more liberal scale than in recent years, or merely to the relative absence of counterbalancing economies.*

As regards the period 1905-06 to 1912-13, fuller information is naturally available; and an attempt to indicate the more important elements which enter into the net figure of decrease can therefore be made. It is also desirable to give some account of the mere fluctuations of the figures, though it is not thought necessary to overload the text of the Memorandum with such details. These matters have accordingly been examined in Appendix No. 8 as fully as time allows. In the Memorandum itself it is proposed to deal with certain points of special financial interest (paragraphs 39 to 50 below): next, to summarise briefly a few of the more important of the significant increases and decreases of expenditure which the analysis in Appendix No. 6 has brought to light; and finally, to deal collectively with the items of new expenditure, or of economy, which have been detailed in Statements Nos. 14, 15 and 16.

39. It will be convenient, first, to deal successively with (i) ordinary stores, (ii) the purchase of animals, (iii) certain minor requirements commonly financed on a quasi-contract basis, and (iv) non-Schedule military works. A common feature of these services is that the annual provision in each case may be materially affected by the varying demands and special considerations urged every year by the administrative authorities. The volume of other charges, e.g., pay, may also of course vary considerably from year to year, but the whole question is practically one of expert estimating and raises no administrative issue, as all the larger increases of pay charges are separately dealt with through the Schedule, and sanctions already given to minor additions take effect in the following budget without further discussion. With the other services named above, the position is entirely different. Stocks and reserves must be maintained on an adequate scale; requirements in respect of transport and other animals are difficult to gauge; in the case of military works, an increase of the repair grant, or an enhancement of the provision for new works, may be strongly urged; and so forth. These, in fact, together with the Schedule, are the branches of expenditure over which administrative or financial pressure is most readily exercised.

Ordinary Stores. 40. The main figures for Ordinary Stores in 1898-99 and from 1905-06 onwards are exhibited in Statement No. 10 (B), and the extraordinary fluctuations which they disclose are examined at some length in Appendix No. 5, of which only a brief summary will here be given. Up to 1893-99 the average Stores expenditure kept fairly steady in the neighbourhood of £985,000. For the next few years no particulars can be given owing to the impossibility of distinguishing between Schedule and Ordinary expenditure. In the four years from 1905-06 to 1908-09 the expenditure had risen to an average of £1,263,000 a year. In the next four years ending with 1912-13 the average fell to £867,000, the lowest figure, £833,000, being reached in the current year, partly owing to the advance purchase of £86,000 worth of stores at the end of 1911-12. These wide variations illustrate the absolute necessity, already referred to above, for some attempt to ascertain the true normal standard of outlay. In the case of *Ordnance stores* it is found that the high figures of a few years ago were almost entirely due to the laying in of stocks on a scale sufficient to meet the requirements of several years ahead, and to some extent (in the case of leather) to excessive indenting from departments. And, conversely, the very low figures recently attained are due partly to the using up of these excess supplies, and partly also to a lowering of the prescribed standards for working stocks. On the whole it is considered probable† that there has been no substantial change

* The only large known measure of economy is the abolition of the Bombay Defence Flotilla in 1903-04, a step which relieved the Indian Government of a contribution of £61,000 a year which they were then paying for the use of naval establishments.

† Owing, however, to the change of classification, the comparison by grant heads in Appendix No. 6 cannot be begun from 1905-06, as would have been desirable. Consequently the explanations given are based in some instances on the observed differences between the figures for 1907-08 and those for 1912-13, instead of on the figures of 1905-06 and 1912-13. The error involved is not, however, likely to be material.

‡ The available data in regard to both expenditure and receipts are not as complete as could be desired.

in the permanent standard of Ordnance requirements throughout the period under review, and this is now placed at £500,000 a year as compared with £508,000 in 1898-9. On the other hand, Ordnance receipts have increased owing to various causes, and a credit for £30,000 a year may apparently be taken on this account. The net betterment is thus provisionally taken at £38,000 a year.

41. In the case of *Clothing stores* there was admittedly very heavy over-stocking a few years ago which has had the effect of reducing recent indents, besides creating a large excess of stock which could only be disposed of by sale to the public. The permanent annual requirements have also been greatly reduced by the system under which the soldier now receives a cash allowance in lieu of clothing in kind, and is thus encouraged to make his clothing last longer, besides being allowed to a limited extent to make his purchases elsewhere than at the Clothing Factories. The standard of annual requirements is believed to have been reduced from £266,000 in 1898-99 to £150,000 at the present date, while the net Clothing expenditure as a whole shows a reduction of some £70,000 or £80,000 a year. Some uncertainty attaches to this figure owing to the difficulty of establishing a final stores standard pending further experience of the effect of the clothing allowance scheme for British troops, and to certain special complications in connection with the Clothing accounts generally. A part of the apparent reduction is of a nominal character, the figures of the earlier years including what would more correctly be regarded as Special Services expenditure. There are, however, known savings amounting to about £38,000, of which about £10,000 is made up of items belonging to the period 1905-06 to 1912-13, and not taken into account *under Lord Kitchener's economies*.

42. In the case of *Medical stores* the standard is considered to have increased from £58,000 a year in 1898-99 to £133,000 a year at the present date. This increase partly represents increased sales to civil institutions, and is covered to the extent of some £45,000 by increased receipts. Of the balance of the additional expenditure, namely £30,000 a year, £4,000 is due to a transfer of charges and £26,000 is understood to represent, in the main, a real increase in the cost of the sanitary and medical treatment of the Army. There has of course been a large counterbalancing gain, not readily reducible to figures, in the lower rate of sickness in the Army.

43. *Supply and Transport stores* also show a small rise (from a standard of £45,000 in 1898-99, to one of £52,000 in 1912-13). This may be taken to represent a real increase of expenditure. *Marine stores* are found to have risen from a standard of £108,000 in 1898-99, to one of £150,000 in 1912-13. Owing to changes of classification the extent to which this increase is covered by receipts is somewhat obscure, and it will be convenient, instead of pursuing the question of Marine stores separately, to deal with the rise in Marine expenditure as a whole.

44. The final result is that the standard of *aggregate Stores requirements* in 1912-13 is found to be practically the same as in 1898-99, namely £985,000 a year. But the identity of these two figures is of course pure coincidence. From the point of view of the increase in Ordinary expenditure requiring to be explained (*vide* paragraph 36 above) the increases, or reductions, of expenditure now to be noted (apart from Marine) are:—(a) the reduction of net expenditure on Ordnance stores by £38,000; (b) the saving of £38,000 a year in net Clothing expenditure; (c) the increase of net expenditure under Medical stores by £30,000; and (d) the increase of expenditure under Supply and Transport stores by £7,000.

45. Next as regards the purchase of animals. The expenditure incurred on *Purchase of animals*. this account and the numbers purchased during four selected years are given in Statement No. 11, from which the following figures are reproduced:—

	£
* Expenditure in 1898-99	...
,, 1905-06	...
,, 1907-08	...
,, 1912-13	...

* Purchases in connection with Schedule measures are excluded.

The Schedule measures of the period have added considerably to the authorised strength and consequently to the annual replacements; and it may be taken that on a comparison between 1898-99 and 1912-13 the figure for the latter year includes about £40,000 on this account. Apart from this, there has been some small permanent increase* in expenditure owing to higher prices. The average annual grant now required is probably about £165,000. But the provision may vary considerably owing to unequal age distribution resulting from large simultaneous purchases in the past (e.g., in replacement of the horses sent out to South Africa). Changes of system also have affected the constitution of the establishment; and varying administrative views as to the conditions of animal efficiency may also affect the castings, and lead to increased demands. So far, however, no definite change of policy leading to increased expenditure has been authoritatively adopted.

Miscellaneous quasi-contract grants.

46. The expenditure under the miscellaneous quasi-contract grants enumerated in Statement No. 12 amounted in 1898-99 to £136,665. In 1912-13 the standard had risen to £150,697, though the actual budget figure was somewhat less owing to the special reductions of expenditure explained in Statement No. 15, of which account has already been taken in assuming a normal figure for the current year. The *Relief Grant* which stood at £66,078 in 1898-99, has been reduced to £53,333, owing to the reduction of railway rates which is dealt with later as one of Lord Kitchener's economies. The *Training Grant* (£6,667 in 1898-99) has been raised, by successive steps, from one to four lakhs. For special reasons the first increase of £6,667 was not financed through the Schedule, and must be regarded here as an increase of ordinary expenditure. The rest of the increase is included in the Schedule figure already given in line V (c) of Statement No. 1. The *Punkah-pulling Grant* (£27,033 in 1898-99) has been relieved by £4,006 owing to the substitution of electric fans maintained from the Military Works Grant. This will be referred to again in dealing with that grant. The grant for *Volunteer Camps of Exercise* (£5,467) has remained unchanged. The *Hutting Grant* fell from £19,618 in 1898-99 to £13,333 in 1912-13. The expenditure was fairly steady until the necessity for providing a superior style of accommodation for Indian troops came to the front in the last few years. The grant was then temporarily increased pending the adoption of the present arrangements under which all important reconstruction work is carried out by Military Works agency and financed through the Schedule, and the hutting grant is therefore now limited to provision for repairs and minor reconstruction. The decrease of £6,285 between 1898-99 and 1912-13 therefore represents merely a small set-off to the heavy additional charge laid on the Schedule.

47. The *grant-in-aid to Cantonments* rose nominally from £11,802 in 1898-99 to £28,870 in 1912-13. The course of events is somewhat complicated, but is perhaps worth indicating :—

	£
(1) Grant-in-aid in 1898-99	... ... ... 12,000
(2) Extra charge thrown on the grant by the establishment of cantonment hospitals	... ... ... 11,000
(3) Extra grant required to supplement the resources of cantonments which were embarrassed by the withdrawal † of farm rentals in 1909-10	... ... ... 5,500
(4) Additional grants required for cantonments treated or enlarged under the Redistribution scheme	... ... 10,000
 Total	 38,500

*Account has been taken of most of this in Statement No. 16.

† Prior to 1909-10 the military farms holding land within cantonment areas paid rent aggregating £12,000 a year to the cantonment authorities. From 1909-10 these rentals were entirely withdrawn from the latter and the charge disappeared from Grant 4, Government thus saving £12,000 a year. Some of the cantonments concerned were, however, not self-supporting, or only just self-supporting, and had to be assisted to a varying extent not exceeding the amount of the rental resumed. The cantonment grant-in-aid was accordingly increased by a sum which now stands at £5,500, and forms a set-off against the saving of £12,000 already mentioned.

So far as the above transactions go, a grant-in-aid of £38,000 would have been justified at the present day. The actual grant-in-aid is £29,000 only. The difference is due to the development* of local revenues, which has rendered a number of cantonments independent of the State aid which they formerly received.

48. Some of the items in paragraph 47 have been taken into account in other places; e.g., No. (2) is a Schedule measure. It will perhaps suffice to say that a net increase of £17,000 should be taken into account in this place. The other points in connection with these quasi-contract grants which require to be noted in explaining the increase in "Ordinary expenditure" exhibited in paragraph 36, are—(a) an increase of £6,667 in the Training Grant; and (b) a fall of £6,285 in the Hutting Grant; other variations in the figures for these grants being dealt with elsewhere.

49. The system of a fixed grant for Military Works "Ordinary Demands", i.e., non-Schedule expenditure, was introduced from 1904-05, and the figures from that year are given in Statement No. 13. Prior to 1904-05 there was a single grant for both Schedule and Ordinary measures. A standard for Ordinary Demands in 1898-99 corresponding to the present fixed grant cannot therefore be fixed with precision, but it may be assumed to have been Rs. 95 lakhs, i.e., £633,333. On the whole there was no accepted increase of this standard up to 1905-06. The present standard may be taken at £662,500, the low figure in 1912-13 (£646,000) being due to the temporary avoidance of expenditure mentioned in Statement No. 15, of which account has already been taken in working out a normal figure for 1912-13. There has thus been an increase of £29,000. The whole of this is covered by the fact that the Army estimates have been relieved of £38,000 of expenditure on account of water-supply and electrical installations, the maintenance of which was transferred to the Military Works Services from 1907-08. As the Military Works grant was only increased by £34,000 on this account, there was an immediate avoidance of £4,000 of expenditure as the result of the transfer; and the fact that the Military Works grant is now only £29,000 above its former figure means that there has been another saving of £5,000. The Military Works fixed grant is also bearing £16,000 of expenditure which has been transferred from the Schedule, i.e., which has already been once taken into account in line V (c) of Statement No. 1. In effect, therefore, the present grant represents, all told, £25,000 less than the former grant, as regards its capacity for meeting Ordinary Demands, on the assumption that the figure (Rs. 95 lakhs) commonly accepted as having been the standard of 1898-99 may be safely accepted as such.

50. The Military Works receipts have also increased from £36,156 in 1898-99 to £49,306 in 1905-06, and £72,000 in 1912-13. These improved receipts represent the development of rentals as new quarters are provided, and to some extent receipts from water and electric power, and constitute some set-off to the initial expenditure incurred every year on new works.

51. From this point the arrangement of the analysis in Appendix No 6 will be followed. Army Receipts, Home and India, have been much affected by changes of classification, but exhibit no features of special and permanent importance. The course of Army expenditure, India, between 1905-06 to 1912-13 is next traced, attention being thus called to several departments, etc., which may be noticed here. The first of these is the *Military Accounts Department*, the cost of which is shown in the figures in the margin. That portion of the increase

			£	(£14,000) which occurred before 1905-06
1898-99	...	...	118,500	is due, in the main, to the strengthening
1905-06	...	...	132,500	of the department on the recommendation
1912-13	...	...	186,900	of a Committee which sat in 1901. The

increase since 1905-06 amounts to £54,000. Close on £4,000 of this represents

* Cantonment revenues rose from £153,000 in 1900-01 to £260,000 in 1910-11.

† This includes the item of £4,006 mentioned in paragraph 46 supra.

the transfer in 1906-07 to this head of certain printing charges previously included in grant 14—Miscellaneous. The remainder is due to the reorganization of the department in 1908-09 at a recurring cost of £13,300, of which account has been taken in the Schedule, and to a closely connected measure, namely the formation of the ten divisional disbursing offices, the effect of which was to increase the charges under this head by £45,300, while relieving grants 3 and 4 to the extent of £47,700. The former measure represents in itself a true increase of expenditure. The clerical establishment was increased by 227 men and its rates of pay were improved. The formation of the divisional disbursing offices involved the addition of 13 officers and suitable establishments to the Military Accounts Department, but it enabled 61 acting paymasters in British regiments to be dispensed with along with their clerks, and the Supply and Transport accounts offices to be abolished. As the cost of reorganization was taken into account in the Schedule figures, the only point to note with reference to the increase of "Ordinary expenditure" since 1905-06 is the saving of £2,000. From the point of view, however, of the expansion of the department, the relevant facts are (a) that its strength and pay were increased at a cost of £14,000 a year before 1905-06 and of £13,000 a year thereafter, and (b) that in addition it has taken over certain work which was formerly transacted, at a slightly higher cost, by the British regiments and by the Supply and Transport Corps. The question whether any economy in the cost of administering this department is feasible is at present under the consideration of Government.

52 The following figures compare the cost* and strength of the *Volunteer Force* in the selected years :—

—	1898-99.	1905-06.	1912-13.
Annual expenditure	£130,000	£158,000	£181,000
Actual strength on 1st April	30,600	32,100	39,000

The increase is throughout of a permanent nature, and is still continuing so far as it is due to increase of strength. The disproportionate rate of increase up to 1905-06 was due to a large increase of the permanent staff and of the amounts drawn as capitation grants. There has been some reduction of expenditure recently, of which account is taken to the extent of nearly £3,000 in Statement No 15. But for this saving, which will be deducted later, the increase of total expenditure since 1905-06 would have been £26,000.

53. The number of *Dairy Farms* and the extent of their operations are still being increased. The expenditure on the institution of new farms, on the enlargement of existing farms, and on additions to their capital account, is treated as Schedule expenditure, and in the last eight years has varied between £3,000 and £13,000

* £9,000 has been deducted from 1905-06 onwards on account of Schedule expenditure. There has also been a change of classification, the effect of which is not, however, material.

a year. The total non-Schedule expenditure, (*i.e.*, upkeep, feed of cattle, and so forth), is naturally an increasing amount, having risen from £5,000 in 1898-99 to £15,000 in 1905-06 and £142,000 in 1912-13. But this increase has generally been practically balanced by an increase of receipts.

The net expenditure is a fluctuating amount, varying ordinarily between about £4,000 and £10,000 a year, and the high figure of 1912-13 appears on examination to be due to a somewhat inconsistent budget estimate: *i.e.*, the extension of the dairy system is on the whole paying its way and the annual deficit, such as it is, is not an increasing amount.

The administration of the military dairy farms and their system of accounting were considered in 1909-10 by a committee consisting of one military accounts officer and one civilian officer. The report was favourable, but various suggestions were made and have since for the most part been acted upon.

54. As explained in Appendix No. 6, the course of the *Ordnance charges* presents certain difficulties owing to the complications involved in the estimation and separation of the recurring expenditure involved by Schedule measures relating to ordnance equipment. There can be no doubt that a normal rate of replacement of the equipment provided from Schedule funds in the last 15 years has not yet been attained. It is believed, too, that some reduction of ordinary Ordnance charges has been effected by closer control, combined perhaps with other causes. The exact facts cannot now be elicited with certainty. The total non-stores figures, if no attempt be made to distinguish the indirect burden imposed by past Schedule measures, show little variation. It is considered best to accept them as indicating broadly that the ordinary Ordnance expenditure as a whole has not substantially varied. Under the conveyance head (Appendix No. 6, paragraph 20) there has, however, been a definite reduction of about £13,000 in the charges incurred on the movements of Ordnance stores.

55. The examination of the course of the remaining Army expenditure in India between 1898-99 and 1905-06 brings out (besides other points already noticed) an important rise of £118,000 under *Conveyance charges* and a fall of £14,000 under *Sea Transport charges*. The increase in the cost of conveyance is mainly under railway charges, and the chief contributor is Ordnance material. It is not perfectly clear why this large increase should have occurred. But the higher scale of expenditure has apparently been since maintained, apart from the subsequent reduction in the rates for military railway traffic, and must be regarded for the present as representing a permanent increase.

56. Turning next to the Army Home charges the *Voyage pay* of British soldiers rose by £24,000 up to 1905-06 and by another £11,000 thereafter, this being doubtless due, in the main, to the additions to the pay and allowances of British soldiers which have been explained in connection with line VIII of Statement No. 1. It should be noted, however, that this augmentation of permanent expenditure is an addition to the figures there given and is not already included in them. The cost of the *Indian Troop Service* also rose by £37,000 up to 1905-06, but fell by £12,000 thereafter, owing, it is believed, to lower hiring rates.

57. The *Military Works* non-Schedule expenditure having been dealt with already in paragraph 49 above, and *Special Defences* being Schedule throughout, the *Marine* expenditure only remains. As explained in paragraph 32 of Appendix No. 6, the course of *Marine* expenditure is obscured by changes of classification and constant fluctuations. The saving of £61,000* obtained by the abolition of the Bombay Defence Flotilla has been mentioned in the footnote to paragraph 38 above. There was also an increase prior to 1905-06 of about £14,000, due to the commissioning of new and larger vessels with increased establishments. After 1905-06 the Royal Indian Marine pension charges rose by £11,000.

* This was the annual charge at the time of abolition in 1903-04. In 1898-99 it stood at £45,000.

Remaining Army
expenditure, India,
1898-99 to 1905-06.

Remaining Army
expenditure, Home,
1898-99 to 1912-13.

Net Marine expendi-
ture, Home and
India, 1898-99 to
1912-13.

Recent minor additions to expenditure.

58 Such an analysis as that which has now been carried out cannot trace the individual minor items which are sanctioned from day to day. These, however, amount in the long run to a considerable sum. In the last two or three years, *i.e.*, since His Excellency Sir O'Moore Creagh assumed the appointment of Commander-in-Chief in India, an attempt has been made to keep a record of all sanctions at headquarters involving permanent recurring expenditure. This record has been abstracted in Statement No. 16, which shows that, apart from Schedule expenditure, the minor schemes approved in this period, *i.e.*, up to the 31st March last, involve a total recurring cost of £72,000 per annum. Of this amount, it is estimated that a recurring expenditure of £67,000 has already been attained. This constitutes an addition to all the increases of expenditure which have so far been brought to notice. It may be noted in passing that these additions to expenditure, implying a yearly and cumulative increment of about £5,000, have been approved during a time of special financial pressure, and it is not likely that the growth of expenditure by minor sanctions can ever be much less than this sum.

Direct economies.

59. Reference may now be made to the question of direct economies. The analysis already undertaken has disclosed a number of reductions of expenditure or increases of receipts. Some of these, like the improved Military Works receipts, are purely automatic ; some can only be inferred by elaborate calculation as in the case of all the figures relating to Stores ; and so forth. It seems best to place these improvements, even though they may clearly point in some instances to closer control, in a different category from direct reductions of establishments and similar measures which constitute an unmistakable and permanent saving. Among the latter the most important group is that which comprises Lord Kitchener's economies. [See Statement No. 14 (A)]. These were calculated, at the time when he left India, to involve an ultimate recurring saving of £331,000. Since then, however, the rates for military railway traffic have been somewhat raised at the instance of the Railway Conference, and the total saving is therefore £298,000, of which practically the entire amount has now been attained (See Part B of Statement No. 14). Of this amount £98,000 was effected by the discontinuance of certain measures which had been introduced through the Schedule between 1898-99 and 1904-05, and has accordingly already been taken implicitly into account in dealing with the special heads. The effect of Lord Kitchener's economies, in the case of ordinary expenditure, has thus been to reduce it by £200,000* per annum. Of this amount £26,000 had been attained by 1905-06, and the remainder, namely £174,000* a year, came into effect later.

During His Excellency Sir O'Moore Creagh's tenure of the appointment of Commander-in-Chief something like a complete record has been kept, and the economies introduced by him are specified in Statement No. 15. They amount to £92,000, namely £82,000 recurring effected in the ordinary course of administration during the $2\frac{1}{2}$ years ending on the 31st March 1912, of which £21,000 affects past Schedule measures, and £58,000 is a reduction of ordinary charges, besides about £10,000 on account of the special economies which have already resulted from the review of military expenditure undertaken during 1911.† As already explained, this excludes measures which are not yet fully sanctioned, though partially taken into account in the budget of the current year. It also of course excludes those proposed economies on which no official orders have yet been passed.

Apart from the saving of £61,000 on the Defence Flotilla, no particulars can be given for the period 1898-99 to the date of Lord Kitchener's assumption of command, as no record was kept at the time.

Summary of results
of analysis of Ordinary expenditure,
1905-06 to 1912-13.

60. The facts brought out in paragraphs 40 to 59 above, so far as they affect the course of net expenditure between 1905-06 and 1912-13, may be tabulated as follows. Any increase or decrease, mentioned previously as having occurred between 1898-99 and 1912-13, has been roughly distributed so as to show only the part of the increase or decrease which appertains to the later years.

* In strictness, about £5,000 should be deducted from this amount as representing economies in food and forage charges (*vide* foot-note to paragraph 14) and this has been done in the table on the following page.
† Similarly, £7,000 for food and forage economies should be deducted here.

	Increase.	Decrease.
	+ £	- £
(1) Improvement under Ordnance stores and receipts (paragraph 40).	... +	-38,000 £
(2) Savings in Clothing expenditure (paragraph 41).	... +	-10,000 £
(3) Increase in net cost of Medical stores (paragraph 42).	+ 9,000 -
(4) Reduction of the Hutting grant (paragraph 48).	... +	-7,000 £
(5) Increased grants-in-aid to Cantonments (paragraph 48).	+ 11,000 -
(6) Saving in the Military Works fixed grant after allowing for transferred charges (paragraph 49).	... +	-25,000 £
(7) Improvement in Military Works receipts (paragraph 50).	... +	-23,000 £
(8) Net saving effected by the constitution of ten Divisional Disbursing Offices (paragraph 51).	... +	-2,000 £
(9) Increased cost of Volunteer Force (paragraph 52).	+ 26,000 -
(10) Reduction in the cost of conveyance of Ordnance stores (paragraph 54).	... +	-13,000 £
(11) Increase in furlough allowances and voyage pay of British soldiers (paragraph 56).	+ 11,000 -
(12) Decreased cost of Indian trooping service (paragraph 56).	... +	-12,000 £
(13) Increase of Marine non-effective charges (paragraph 57).	+ 11,000 -
Total	<hr/> + 68,000	<hr/> -130,000
Recurring non-Schedule expenditure sanctioned by His Excellency Sir O'Moore Creagh, as in Statement No. 16.	+ 67,000 <hr/>	... <hr/>
Economies in ordinary expenditure effected by Lord Kitchener*.	... <hr/>	-169,000 <hr/>
Economies in ordinary expenditure effected by His Excellency Sir O'Moore Creagh*.	... <hr/>	-61,000 <hr/>
Grand Total	<hr/> + 135,000	<hr/> -360,000
Net decrease explained	... ...	... -225,000
Total decrease in ordinary expenditure requiring explanation, as in paragraph 36.	... <hr/>	... -211,000

* Less some minor food economies—see footnote to paragraph 59.

61. The close correspondence between the difference explained and that requiring explanation is largely coincidence. There must have been many minor unrecalled additions to expenditure, and many minor savings, before the present record began to be kept; and in any case the figures given are standards only, and do not purport to represent the exact differences between the expenditure entering into the accounts of each of the selected years in respect of these items. The material point is the general consistency of the results obtained. As regards the period from 1905-06 onwards there are not only known and very large economies which can be enumerated measure by measure, but the figures generally are in a downward direction, and what is shown here as regards Ordinary expenditure is supported by the same tendency among the Special heads where £98,000 of recurring expenditure entailed by earlier Schedule measures has been struck off, and food charges have been brought down to a markedly low figure. Ordinary expenditure, representing about £14 millions of annual outlay, has in fact been actually reduced in the last 7 years and ultimately kept almost stationary* during fifteen, not by the refusal to meet new requirements as they presented themselves or by some unexplained cessation of the process of automatic growth which is always going on in greater or less degree, but by the pruning of unnecessary or obsolete expenditure in other directions. All told, these counterbalancing economies under both the special and the ordinary heads are known to amount to £451,000†, and this figure would doubtless be appreciably raised if fuller information were available for the earlier years.

IV.—Conclusion.

General conclusions.

62. The examination of Military expenditure has thus been completed as far as time and information have allowed. It will be obvious that changes of classification, the frequent necessity of using estimates instead of accounts figures, the want of readily available data in the earlier years, and the important fluctuations which have constantly obscured the true standard of expenditure, have rendered the task one of extreme complexity, and the figures must be offered with due reserve. The main general results, however, stand out clearly. Stated in the form of figures, they resolve themselves into the two points, (1) that there has been a real increase of about £3 $\frac{3}{4}$ ‡ millions a year, owing to the special causes enumerated in the second part of this Memorandum§; and (2) that ordinary expenditure has remained practically* stationary. Stated more generally, the main conclusions are; *first*, that the period, as stated at the outset, has been one of reorganization and also of improvement in service conditions generally; *secondly*, it has also been a period of genuine effort to reduce expenditure in all directions, consistently with efficiency; *thirdly*, the large curtailments of the budget in the last few years have been made possible, not so much by an exceptional restriction of expenditure, as by a natural falling off in requirements, as improving prices reduced the cost of food supplies, and as the army authorities themselves reverted to a normal standard of stores purchases; while yet another enabling factor has been the decision to lower the extraordinary scale of Schedule outlay, which was temporarily allowed in some of the earlier years but was not at any time intended to be permanent. *Fourthly*, that the policy of economy has also been one of real economy is shown by the large reductions in established charges which have been effected by the present and the preceding Commander-in-Chief. *Finally*, the fact is brought out—and the point is one of much importance—that for various special reasons it was not found necessary to provide in the current year's budget for the full requirements of the Army in a year of normal conditions: and the present year's budget figure probably falls below those requirements by something like £460,000§ a year.

Percentage of Military to combined Imperial and Provincial expenditure.

63. A concluding statement (No. 17) has been added, comparing the Military to the combined Imperial and Provincial expenditure of Government; and these figures have also been presented graphically in the two diagrams at the

*The increase for the whole 15 years being £64,000 only, as stated in paragraph 36.

† Including the saving on the Defence Flotilla in 1903-04.

‡ The figure referred to is £3,769,000 as given in paragraph 34.

§ See last paragraph of Appendix No. 4.

end. The figures are *net*, and have been adjusted by the exclusion of war expenditure and savings and also famine expenditure. The Committee already have similar figures—not so adjusted—comparing both *net* to *net* and gross to gross. The same general results appear whichever form of comparison be adopted; but by eliminating the disturbing effects of war and famine, the main tendencies of the period are more clearly and regularly brought out. Following the black line in the first diagram which represents *net* military expenditure, a rapid and continuous rise from 1884-85 up to 1892-93 (partly due to the continuous fall in exchange) is at once observable. From 1892-93 to 1899-1900 the expenditure is almost stationary, and the curve approaches the horizontal. Military expenditure proper did increase in this period, but the military estimates were meanwhile relieved to an increasing extent by the gradual recovery of exchange until the 1s. 4d. rate was eventually reached and stereotyped in 1899-1900. With the opening of the reorganization period after 1899-1900, the curve rapidly ascends, culminating, as would be anticipated, in 1904-05. The heavy lapses in 1905-06 led to a fall in that year, but the maximum point was again reached in 1906-07. Then the reduction of the Special Grant, and thereafter the successive curtailments of the annual budget began: and the curve is seen to follow a downward, and ultimately a practically horizontal, *i.e.*, stationary, direction.

It is also of interest to trace the relation between Military expenditure and Government expenditure as a whole. The dotted line of the diagram shows *half* the total *net* expenditure, Imperial *plus* Provincial. It will be seen that from 1884-85 to 1905-06 inclusive, *i.e.*, for 22 successive years, roughly half the money spent was devoted entirely to Military requirements. The two curves follow an exceedingly similar course, and frequently interlace; but, on the whole, the decided tendency is for Military expenditure to form more than half the total outlay: and in only five years of the twenty-two is the dotted curve uppermost. After 1905-06, however, this tendency was entirely set back. While the line indicative of Military expenditure remains stationary or declining, there is a rapid rise in the total expenditure of Government implying of course a rapid rise in its total resources, and the gap between the two curves becomes steadily divergent. The ultimate effect is that out of an increase of nearly £21 millions in the total net expenditure of Government in the past 29 years, the Military expenditure is responsible for one-third only, and is now to-day more than £3 millions below the 50 per cent standard, instead of, as hitherto, being generally above it. But Military expenditure, though comparatively stationary for the moment if not still declining, has not of course fallen back to anything like the level reached at the point when reorganization began: for the discontinuance of the extraordinary and temporary scale of Schedule outlay between 1900-01 and 1906-07 has now been more than covered by the permanent expenditure added by reorganization, or adopted at the instance of the Home Government. It has also to be remembered that a portion of the rise of revenue which has enabled the Government to expand its expenditure as a whole was obtained from additional taxation imposed in 1910-11; and a part also from the export of opium to China,—a source of revenue which has been inflated in the last few years by exceptional circumstances and will shortly disappear altogether.

The same general features are characteristic of the curve in the second diagram which shows (on the basis of *net* figures similarly adjusted) the varying percentage borne by Military to combined Imperial and Provincial expenditure. The rapid and continuous fall in the percentage after 1904-05 is specially noticeable.

SIMLA;

22nd July 1912.

J. B. BRUNYATE,

*Joint Secretary to the Government of India,
Finance Department (Military Finance).*

STATEMENTS.

Note.—The following statistical statements include only the special figures required in connection with this Memorandum, as full statements of the regular accounts figures for the entire period are already available in the enlarged edition of the Military Accountant General's Ten years' Review.

STATEMENT No. 1.

26

Net Military Expenditure, 1898-99 to 1912-13.

(In nearest £1,000.)

Head.	1898-99.	1899-1900.	1900-01.	1901-02.	1902-03.	1903-04.	1904-05.	1905-06.	1906-07.	1907-08.	1908-09.	1909-10.	1910-11.	1911-12.	1912-13.	Remarks.	
I.—Special Services (net)	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£		
" "	1,007,000	(368,000)	(245,000)	(293,000)	(245,000)	(599,000)	(740,000)	198,000	106,000	82,000	156,000	81,000	211,000	842,000	198,000	See Statements Nos 3 (A) and 3 (B).	
II.—War Savings	-45,000	(-477,000)	(-1,277,000)	(-1,321,000)	(-532,000)	(-217,000)	(-101,000)	-21,000	-14,000	-14,000	-3,000	-5,000	-8,000	"	-77,000	See Statement No. 4.	
III.—Food, forage and grass farm charges (excluding amounts included against heads IV, V and IX).	1,263,000	(1,282,000)	(1,439,000)	(1,298,000)	(1,337,000)	(1,818,000)	(1,233,000)	1,388,000	1,554,000	1,608,000	1,982,000	1,729,000	1,551,000	1,434,000	1,445,000	See Statement No. 5.	
IV.—Schedule expenditure incurred between 1898-99 and 1904-05.	"	"	"	"	"	"	"	"	"	"	"	"	"	"	"	See Statements Nos. 6 (A) and 6 (B), and Appendix No. 1.	
Annual new Schedule expenditure.	(a) Initial expenditure.	194,000	←	Not known	→	"	"	"	"	"	"	"	"	"	"		
		17,000	(27,000)	(61,000)	(112,000)	(89,000)	(42,000)	(58,000)	"	"	"	"	"	"	"		
		"	(15,000)	(98,000)	(218,000)	(483,000)	(673,000)	(768,000)	882,000	871,000	851,000	829,000	830,000	827,000	810,000	810,000	
V.—Schedule expenditure incurred between 1904-05 and 1912-13.	"	"	"	"	"	"	"	"	"	"	"	"	"	"	"		
Annual new Schedule expenditure.	(b) Recurring	"	"	"	"	"	"	(1,076,000)	1,784,000	1,999,000	887,000	501,000	379,000	430,000	407,000	506,000	See Statements Nos. 6 (A), 6 (C) and 6 (D); and Appendix No. 1.
		"	"	"	"	"	"	(28,000)	218,000	148,000	172,000	207,000	12,000	41,000	24,000	14,000	
		"	"	"	"	"	"	"	23,000	242,000	390,000	582,000	1,229,000	1,312,000	1,382,000	1,430,000	
VI.—Contribution from Home Government under award of Welby Commission (1901-02).	"	"	"	(-280,000)	(-280,000)	(-280,000)	(-280,000)	-280,000	-280,000	-280,000	-280,000	-280,000	-280,000	-280,000	-280,000		
VII.—Increased payment to Home Government on account of capitation rate under award of the Romer Committee.	"	"	"	"	"	"	"	"	"	"	275,000	300,000	300,000	300,000	300,000		
VIII.—Charges accepted in India at the instance of Home Government.	127,000	(98,000)	(57,000)	(90,000)	(514,000)	(430,000)	(860,000)	854,000	873,000	878,000	801,000	787,000	771,000	754,000	733,000	This line excludes £21,000 of similar expenditure appearing in line IV, i.e., £15,000 for Brigade Division Staff for R. H. and F. Art'y. (1902-03); and £6,000 for additional paid Lance ranks for British units (1902-03). See Appendix No. 2.	
IX.—Net transfers from Civil to Military Estimates.	(a) 1898-99 to 1904-05	"	"	(-5,000)	(-2,000)	(+108,000)	(+270,000)	(+240,000)	+239,000	+234,000	+239,000	+244,000	+232,000	+232,000	+230,000	See Statement No. 7.	
		"	"	"	"	"	"	"	+14,000	+14,000	+64,000	+50,000	+48,000	+52,000	+51,000	+50,000	
X.—Growth of Army non-effective charges, excluding portions included against heads IV, V and IX.	"	(-10,000)	(-52,000)	(-108,000)	(-107,000)	(-79,000)	(-9,000)	-68,000	-35,000	-25,000	+28,000	+20,000	+43,000	+50,000	+82,000		
XI.—Loss by exchange	85,000	"	"	"	"	"	"	"	"	"	"	"	"	"	"		
XII.—TOTAL—SPECIAL HEADS	2,648,000	←	Not known	→	5,262,000	5,762,000	4,900,000	5,397,000	5,393,000	5,534,000	5,856,000	5,492,000					
XIII.—BALANCE "ORDINARY EXPENDITURE".	13,827,000	←	Not known	→	14,415,000	14,408,000	14,348,000	14,206,000	13,719,000	13,731,000	13,773,000	13,803,000				The figures in this line are illustrated by Statements Nos 8 to 16 and Appendices Nos. 3 to 6	
XIV.—GRAND TOTAL NET MILITARY EXPENDITURE.	16,475,000	15,378,000	15,474,000	16,184,000	17,635,000	18,141,000	20,696,000	19,877,000	20,170,000	19,248,000	19,008,000	19,112,000	19,265,000	19,629,000	19,095,000	See Statement No. 17 and Diagrams Nos. 1 and 2.	

STATEMENT NO. 2.

Net Military Expenditure, 1905-06 to 1912-13.

(NOTE.—This statement is similar to Statement No. 1—but takes no account under the special heads of the transactions of 1898-99 to 1904-05, see also Appendix No. 1, paragraph 16)

(In nearest £1,000.)

Head.	1905-06.	1906-07.	1907-08.	1908-09.	1909-10.	1910-11.	1911-12.	1912-13.
	£	£	£	£	£	£	£	£
I.—Special Services (net)	198,000	106,000	82,000	156,000	61,000	211,000	612,000	199,000
II.—War savings	-21,000	-14,000	-14,000	-3,000	-5,000	-6,000	...	-77,000
III.—Food, forage and grass farm charges, excluding amounts included against heads IV and V.	1,488,000	1,653,000	1,705,000	2,081,000	1,822,000	1,643,000	1,532,000	1,533,000
IV.—Schedule expenditure incurred between 1904-05 and 1912-13—								
Annual new Schedule expenditure { (a) Initial (b) Recurring	1,784,000 219,000	1,999,000 148,000	887,000 172,000	501,000 207,000	879,000 12,000	430,000 41,000	407,000 24,000	506,000 14,000
(c) Permanent recurring expenditure (progressive), entailed by schedule measures of preceding years of period.	23,000	242,000	390,000	562,000	1,229,000	1,312,000	1,382,000	1,430,000
V.—Increased payment to Home Government on account of capitation rate, under award of Romer Committee.	...	...	...	275,000	800,000	800,000	800,000	800,000
VI.—Net transfers from Civil to Military Estimates	14,000	14,000	64,000	50,000	49,000	52,000	51,000	50,000
VII.—Growth of ^{army} non-effective charges, excluding portions included against heads IV and VI.	... + 33,000	+ 43,000	+ 91,000	+ 88,000	+ 111,000	+ 118,000	+ 150,000	
VIII.—Total Special Heads	8,705,000	4,181,000	8,829,000	8,920,000	8,935,000	4,094,000	4,446,000	4,103,000
IX.—Balance Ordinary Expenditure	15,072,000	15,089,000	15,919,000	15,683,000	15,177,000	15,171,000	15,183,000	14,990,000
X.—Grand Total Net Military Expenditure	19,877,000	20,170,000	19,248,000	19,808,000	19,112,000	19,265,000	19,629,000	19,095,000

STATEMENT NO. 3 (A).

Special Service Expenditure *net* (1884-85 to 1912-13).

Years.	<i>Net</i> Special Service Expenditure (Home and India).	Quinquennial average.	Remarks.
1884-85	106,763		
1885-86	1,818,626		
1886-87	3,921	436,927	
1887-88	12,501		
1888-89	242,826		
1889-90	277,954		
1890-91	267,916		
1891-92	494,169	270,127	
1892-93	166,877		
1893-94	143,721		
1894-95	248,967		
1895-96	1,287,728		
1896-97	229,592	1,087,629	
1897-98	2,665,270		
1898-99	1,006,587		
1899-1900	368,126		
1900-01	245,362		
1901-02	293,131	350,226	
1902-03	245,242		
1903-04	599,268		
1904-05	740,431		
1905-06	198,074		
1906-07	105,608	256,501	
1907-08	82,089		
1908-09	156,302		
1909-10	61,273		
1910-11	210,725		
1911-12	641,500	278,024	Four years' average only.
1912-13	198,600		

STATEMENT No. 3 (B).
Principal Special Service operations 1898-99 to 1912-13

	Operations.	Date.	Receipts (Home and India) from 1898-99.	Expenditure (Home and India) from 1898-99.		Remarks.
				£	£	
1. Gilgit Agency	1891-92 to 1912-13	182,768 (a)	(a) Besides £217,667 incurred from 1891-92 to 1897-98 inclusive, of which £97,393 represents the cost of the original Mission. The annual expenditure entailed is about £10,985 a year.
2. Mekran	1894-95 to 1898-99	59	(b) Besides £7,177 incurred in 1897-98.
3. Keng Tung Garrison	1895-96 to 1899-1900	...	17,162 (c)
4. Wano Garrison	1895-96 to 1903-04	8,881	(c) Besides £229,160 incurred from 1895-96 to 1897-98 inclusive.
5. Occupation of Chitral and its communications	1895-96 to 1905-06	32,250	(d) Besides £84,055 incurred from 1895-96 to 1897-98 inclusive.
6. Tochi Garrison	1895-96 to 1903-04	19,016	(e) Besides £230,281 incurred from 1895-96 to 1897-98 inclusive.
7. Kajuri Kash and Jandola Garrisons	1892-93 to 1903-04	2,550	(f) Besides £95,959 incurred from 1895-96 to 1897-98 inclusive.
8. Tochi Field Force	1897-98 to 1898-99	1,576	(g) Besides £247,779 incurred in 1897-98.
9. Malakand Field Force	1897-98 and 1898-99	...	(h) Besides £2,335,491 incurred in 1897-98.
10. Kohat-Kurrum Force	1898-99 to 1902-03	11,366	147,393
11. Burma-China Boundary Commission Escort	1898-99 to 1900-01	68	11,678
12. North-West Frontier Field Operations	1898-99 to 1903-04	29,980	714,664
13. Mishmi Expedition	1899-1900 to 1900-01	464	17,106
14. Khyber Force	1899-1900	1,676	71,477
15. Blockade of Mashud Waziris	1900-01 to 1903-04	13,771	248,829
16. Indian Contingent despatched to England for the late King	1902-03	...	37,033
17. Delhi Coronation Assemblage	1902-03 to 1903-04	...	58,832
18. Seistan Boundary Commission	1903-04 to 1905-06	...	44,648
19. Aden Boundary Delimitation Commission	1903-04 to 1907-08	3,992	{ 296,890*
20. Tibet Mission	1903-04 to 1912-13	39,074	{ 76,816†
21. Concentration of troops near Rawalpindi	1905-06 to 1906-07	576	{ 877,148‡
22. Concentration of troops on the occasion of the visit to India of His Majesty the Amir of Afghanistan.	1906-07	4,446	{ 171,811§
23. Bazaar Valley Field Force	1907-08 to 1908-09	6,248	27,661
24. Mohmand Field Force	1908-09	8,430	47,088
25. Arms-Traffic Operations	1909-10 to 1912-13	241	124,559
26. Royal Visit	1911-12	3,667	483,851
27. Abor Expeditionary Force	1911-12 to 1912-13	3,383	357,611||
28. Mishmi Mission	1911-12	...	156,667
29. Despatch of Troops to Persia	1911-12 to 1912-13	...	3,323
Total receipts and expenditure (1898-99 to 1912-13)	186,659	28,200
Net expenditure	5,338,958	5,152,299

STATEMENT No. 4.

**Net savings resulting from the absence of troops from India on account of war, etc.,
(1884-85 to 1912-13).**

(Note.—These figures are estimates only.)

								£*
1884-85	...	...	...	...	...	...	...	...
1885-86	...	...	...	...	...	...	...	...
1886-87	...	...	...	...	...	...	...	...
1887-88	...	...	...	...	...	...	...	...
1888-89	...	...	...	...	...	...	...	...
1889-90	...	...	...	...	...	...	...	...
1890-91	...	...	...	...	...	...	...	...
1891-92	...	...	...	...	...	...	...	...
1892-93	...	...	...	...	...	...	...	...
1893-94	...	...	...	...	...	...	...	20,700
1894-95	...	...	...	...	...	...	...	...
1895-96	...	...	...	...	...	...	...	...
1896-97	...	...	...	...	...	...	...	6,300
1897-98	...	...	...	...	...	...	...	4,700
1898-99	...	...	...	...	...	...	...	44,500
1899-1900	...	...	...	...	...	...	...	476,800
1900-01	...	...	...	...	...	...	...	1,276,500
1901-02	...	...	...	...	...	...	...	1,321,400
1902-03	...	...	...	...	...	...	...	531,700
1903-04	...	...	...	...	...	...	...	217,400
1904-05	...	...	...	...	...	...	...	100,900
1905-06	...	...	...	...	...	...	...	20,500
1906-07	...	...	...	...	...	...	...	14,000
1907-08	...	...	...	...	...	...	...	14,000
1908-09	...	...	...	...	...	...	...	2,700
1909-10	...	...	...	...	...	...	...	5,300
1910-11	...	...	...	...	...	...	...	5,500
1911-12	...	...	...	...	...	...	...	...
1912-13	...	...	...	...	...	...	...	77,000

* The rupee figures have been converted into sterling at 1s. 4d. the rupee.

STATEMENT NO. 5.

Expenditure in India on account of food, forage, and grass farms, exclusive of amounts included in lines IV, V and IX of Statement No. 1, 1898-99 to 1912-13.

	1898-99.	1899-1900	1900-01	1901-02.	1902-03.	1903-04	1904-05	1905-06	1906-07.	1907-08.	1908-09.	1909-10	1910-11.	1911-12. (Revised).	1912-13. (Budget).	
1. Compensation for food and forage*	..	38,62	41,68	55,47	41,07	35,98	32,91	28,86	44,96	54,46	64,97	88,68	65,55	51,91	49,84	46,85
2. Other food charges	..	135,98	133,10	146,71	137,08	148,01	148,39	146,56	164,53	178,80	177,29	199,18	188,97	172,49	172,49	174,73
Less petty items*	..	..	3,00	3,00	3,00	3,00	3,00	3,00	3,00	3,00	3,00	3,00	3,00	3,00	..	..
Corrected other food charges	..	132,98	135,10	143,71	134,06	145,01	145,39	143,36	161,53	175,80	174,29	207,57	159,13	188,97	172,49	174,73
3. Dieting sick*	..	..	9,80	8,48	7,97	9,78	10,78	11,61	11,17	11,09	11,22	10,54	10,81	9,73	8,39	8,02
Total compensation and other food charges	1,81,40	1,85,26	2,07,15	1,84,91	1,91,77	1,89,91	1,83,9	2,17,58	2,41,18	2,49,70	3,07,06	2,74,41	2,49,27	2,30,33	2,29,60	
4. Grass farm charges	..	..	8,19	7,95	10,19	12,20	14,75	16,35	16,60	16,56	18,15	18,35	26,74	29,91	31,11	32,81
Less charges for purchase of fodder to supplement farm produce (included in Item 2).*	..	..	..	..	..	..	..	..	..	..	..	..	..	7,10	11,41	12,95
Add—Proportion of general management charges.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	13,67
Corrected grass farm charges	..	..	8,19.	7,95	10,19	12,20	14,75	16,35	16,60	17,64	19,79	19,74	21,25	19,87	19,26	20,32
GRAND TOTAL	..	1,89,59	1,93,21	2,17,34	1,97,11	2,06,52	2,06,26	1,99,99	2,35,22	2,61,27	2,69,44	3,28,31	2,94,28	2,68,53	2,50,65	2,52,22
Equivalent in sterling (nearest thousand £)																
Deduct—Amounts included in Items IV, V and IX of Statement No. 1 (i.e., Schedule expenditure and expenditure transferred from Civil estimates).	1,264	1,282	1,288	1,449	1,314	1,377	1,375	1,338	1,568	1,742	1,796	2,189	1,962	1,790	1,671	1,681
Balance—i.e., Ordinary food and forage charges as in line III of Statement No. 1	1,263	1,282	1,439	1,296	1,337	1,318	1,388	1,233	1,606	1,982	1,729	1,551	1,434	1,434	1,434	236

* See explanatory note on reverse.

EXPLANATORY NOTE.

Under the general re-classification of Army Receipts and Charges in 1908-09, certain charges for establishments such as those for bakeries and butcheries, and other petty items, which were previously included under the head "food supplies" were transferred to other heads, and charges for "dying sick" which were previously compiled to other heads were treated as charges for "food supplies".

The figures for 1906-07 and 1907-08 re-classified on the lines adopted from 1908-09 onwards, as compared with the figures for those years according to the old classification, showed an increase of about 7 lakhs of rupees, but as the additional charge for "dying sick" under the re-classification accounted for an increase of about 10 lakhs, it is estimated that the diminution by the exclusion of establishment charges and petty items referred to above was about 3 lakhs.

Therefore to bring the charges for food supplies prior to 1908-09 and those for 1908-09 and subsequent years on an uniform basis, the following re-adjustments have been made:—

A lump sum of 3 lakhs of rupees has been deducted from the food charges from 1898-99 to 1907-08, as representing the value of establishment and other charges which are excluded from the food charges head from 1908-09 onwards.

The expenditure on "dying sick" has been shown separately throughout. This item should, strictly speaking, be included in the figures for other food charges from 1908-09, but has been shown separately for the sake of comparison with the figures for earlier years. The figures against other food charges consequently exclude charges for "dying sick".

The item "compensation for food and forage" includes compensation for dearness of food to Madras pensioners.

The item "other food charges" for all years from 1898-99 to 1912-13 includes expenditure on the purchase of fodder to supplement farm produce, the item "grass farm charges" also includes the same expenditure from 1908-09, hence separate deductions have been made on this account from the "grass farm charges" from 1908-09.

Prior to 1905-06 general management charges for farms were compiled under "grass farms" only, and the expenditure incurred is included in the figures for "grass farm charges" for those years. In 1905-06 a new head was opened in the accounts under which all expenditure in connection with the general management of combined dairy and grass farms and piggeries was compiled. This arrangement was continued up to 1912-13, in the budget for which year the general management charges on grass farms were separated from those for dairy farms. The expenditure incurred in the years 1905-06 to 1911-12 inclusive has now been apportioned between grass and dairy farms in the proportion which the expenditure on each service bears to the expenditure for general management charges in those years. The expenditure on piggeries being trifling has been neglected in this connection.

In determining the recurring expenditure arising from Schedule measures or from transfers from the civil to the military estimates (as in the case of the transfer of the Hyderabad Contingent), all additional food expenditure arising from these measures has been taken once into account. Accordingly, to avoid including such charges twice,* it is necessary to make a deduction of a similar amount from the food figures. The increase of recurring food expenditure due to Schedule measures and to transfers has accordingly been estimated as accurately as possible and deducted in the last line of the statement.

It should also be mentioned that the food accounts of 1910-11 were increased, and those of 1911-12 were relieved, by the advance purchase of £27,000 worth of food supplies at the end of the former year (see Statement No. 10 (B)). But for this, the adjusted figures for 1910-11 and 1911-12 (namely £1,551,000 and £1,434,000) would have stood at £1,524,000 and £1,461,000 respectively.

* A small amount of fuel charges (negligible in the years selected for comparison, namely 1898-99, 1905-06 and 1912-13) is also included in the War savings.

STATEMENT No. 6 (A).

Annual provision for new Schedule expenditure and actual expenditure incurred,
1898-99 to 1912-13.

Year.			Budget provision for new expenditure.	Extra grants during year.	Total.	Actual expendi- ture.
			£	£	£	£
1898-99	...	...	200,676	...	200,676	211,165
1899-00	...	...	355,000	...	355,000	
1900-01	...	...	740,000	368,000	1,108,000	
1901-02	...	...	1,107,000	465,000	1,572,000	
1902-03	...	...	1,128,000	369,000	1,497,000	
1903-04	...	...	1,250,000	165,000	1,415,000	
1904-05	{ Under old Schedule system. Under new Schedule system.		1,498,000	69,000	1,567,000	
			500,000	1,038,333	1,538,333	1,099,000
1905-06	...	...	(a) 3,243,666	...	3,243,666	2,003,000
1906-07	...	...	(b) 2,524,667	...	2,524,667	2,147,000
1907-08	...	...	(c) 1,593,333	...	1,593,333	1,059,000
1908-09	...	...	1,104,667	...	1,104,667	708,000
1909-10	...	...	359,923	...	359,923	390,640
1910-11	...	...	482,766	...	482,766	470,803
1911-12 (revised)	...	...	595,333	...	595,333	430,815
1912-13 (budget)	...	...	520,123	...	520,123	...

(a) Includes £ 333,333 regranted in lieu of lapses in 1904-05.

(b) " " 600,000 " " " " 1905-06.

(c) " " 316,666 " " " " 1906-07.

STATEMENT No. 6 (B).

34

Progressive recurring cost (estimated) of Schedule Measures undertaken between 1898-99 and 1904-05.

[Note—Measures of a similar or connected character are grouped.]

(In nearest £1,000.)

Measure.	1898-99.	1899-1900.	1900-01.	1901-02.	1902-03.	1903-04.	1904-05.	1905-06.	1906-07.	1907-08.	1908-09.	1909-10.	1910-11.	1911-12.	1912-13.
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Raising of 2 additional Indian Mountain Batteries (1898 and 1899)	..	5,000	15,000	21,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Increase of Indian Army Reserve	..	12,000	10,000	17,000	20,000	21,000	10,000	25,000	28,000	21,000	19,000	18,000	17,000	17,000	16,000
Formation of transport units and increase of transport strength	10,000	50,000	70,000	100,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Re-establishment of Cantonment Hospitals	7,000	11,000	11,000	7,000	7,000	5,000	7,000	5,000	5,000	5,000	4,000	4,000
451 additional officers for Indian Army (1900-01 to 1904-05)	12,000	36,000	72,000	81,000	102,000	144,000	180,000	168,000	168,000	191,000	191,000
Reorganisation of Horse, Field and Mountain Artillery (1900-01 to 1903-04)	20,000	40,000	40,000	50,000	50,000	50,000	50,000	40,000	40,000	40,000	40,000
Increased cost of ammunition on rearmament of Indian Army	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
New promotion periods, Indian Army officers	32,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Improved pay for departmental warrant officers	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Increased issues of half price small arms ammunition	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
1 additional company, Royal Garrison Artillery (disbanded later)	6,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Additional officers (40) and subordinates (43) for Supply and Transport Corps	6,000	18,000	18,000	21,000	24,000	25,000	27,000	29,000	30,000	31,000
Formation of Mounted Infantry Schools (abolished later)	22,000	35,000	35,000	35,000	35,000	32,000	32,000	32,000	32,000	32,000
Addition of a Howitzer Artillery Brigade to Indian establishment	6,000	40,000	93,000	93,000	93,000	86,000	86,000	86,000	86,000	86,000
Concessions to Volunteers	7,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Experimental Balloon Section (abolished later)	4,000	4,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Augmentation Submarine Mining establishment (gradually reduced later)	3,000	3,000	6,000	6,000	5,000	6,000	4,000	2,000	..	..
Personnel for new Cordite Factory, Aruvankadu	8,000	12,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
New promotion scheme for officers, Supply and Transport Corps	4,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Formation of Army Bearer Corps (reduced later below original strength)	14,000	28,000	28,000	28,000	28,000	11,000	..	..	..
Raising 4 additional Sapper Companies	6,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Additional officers (12) and subordinates for Military Accounts Department	1,000	6,000	6,000	7,000	7,000	8,000	8,000	8,000	8,000
Additional practice ammunition for cavalry	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Additional officers (8) and improved grades for Ordnance Department	8,000	8,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Brigade Division organisation, Horse and Field Artillery	5,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Increase of Army Hospital Corps	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Amalgamation of Mobilisation and Intelligence Branches, Army Headquarters	5,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Increase of paid lance ranks in British units	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Conversion of 4 heavy batteries from bullock to horse draught	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Personnel for Rifle Factory, Ishapore	1,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Charge allowances for subordinates of Supply and Transport Corps	1,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Revision of pay of medical appointments	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Increase of pay of officers of the Indian Medical Service	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Permanent rank of Lieutenant-Colonel for regimental commandants, Indian Army	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Raising of 10th Hazara Pioneers (balance of cost in later Schedules)	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Minor items costing less than £5,000 a year (recurring)	4,000	9,000	19,000	30,000	49,000	46,000	45,000	47,000	48,000	48,000	41,000
Total	..	17,000	42,000	160,000	330,000	532,000	715,000	821,000	862,000	871,000	851,000	829,000	830,000	827,000	810,000

STATEMENT No. 6 (B).

34

Progressive recurring cost (estimated) of Schedule Measures undertaken between 1898-99 and 1904-05.

[Note—Measures of a similar or connected character are grouped.]

(In nearest £1,000.)

Measure.	1898-99.	1899-1900.	1900-01.	1901-02.	1902-03.	1903-04.	1904-05.	1905-06.	1906-07.	1907-08.	1908-09.	1909-10.	1910-11.	1911-12.	1912-13.
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Raising of 2 additional Indian Mountain Batteries (1898 and 1899)	... 5,000	15,000	21,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Increase of Indian Army Reserve	... 12,000	10,000	17,000	20,000	21,000	10,000	25,000	28,000	21,000	19,000	18,000	17,000	17,000	16,000	16,000
Formation of transport units and increase of transport strength	... 10,000	50,000	70,000	100,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Re-establishment of Cantonment Hospitals	... 7,000	11,000	11,000	7,000	7,000	6,000	7,000	5,000	5,000	5,000	5,000	5,000	4,000	4,000	4,000
451 additional officers for Indian Army (1900-01 to 1904-05)	... 12,000	36,000	72,000	81,000	102,000	144,000	180,000	188,000	168,000	191,000	191,000	191,000	191,000	191,000	191,000
Reorganisation of Horse, Field and Mountain Artillery (1900-01 to 1903-04)	... 20,000	40,000	40,000	50,000	50,000	50,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Increased cost of ammunition on rearmament of Indian Army	... 25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
New promotion periods, Indian Army officers	... 32,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Improved pay for departmental warrant officers	... 6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Increased issues of half price small arms ammunition	... 5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
1 additional company, Royal Garrison Artillery (disbanded later)	... 6,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Additional officers (40) and subordinates (43) for Supply and Transport Corps	... 6,000	12,000	18,000	21,000	24,000	25,000	27,000	29,000	30,000	30,000	30,000	31,000	31,000	31,000	31,000
Formation of Mounted Infantry Schools (abolished later)	... 22,000	35,000	35,000	35,000	35,000	32,000	32,000	32,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Addition of a Howitzer Artillery Brigade to Indian establishment	... 6,000	40,000	93,000	93,000	93,000	86,000	86,000	86,000	86,000	86,000	86,000	86,000	86,000	86,000	86,000
Concessions to Volunteers	... 7,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Experimental Balloon Section (abolished later)	... 4,000	4,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Augmentation Submarine Mining establishment (gradually reduced later)	... 3,000	3,000	6,000	6,000	6,000	6,000	4,000	2,000	...	...	...	...	...	...	...
Personnel for new Cordite Factory, Aruvankadu	... 8,000	12,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
New promotion scheme for officers, Supply and Transport Corps	... 4,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Formation of Army Bearer Corps (reduced later below original strength)	... 14,000	23,000	23,000	23,000	23,000	11,000	...	...	...	...	...	...	...	...	...
Raising 4 additional Sapper Companies	... 6,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Additional officers (12) and subordinates for Military Accounts Department	... 1,000	6,000	6,000	7,000	7,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Additional practice ammunition for cavalry	... 5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Additional officers (8) and improved grades for Ordnance Department	... 8,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Brigade Division organisation, Horse and Field Artillery	... 5,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Increase of Army Hospital Corps	... 9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Amalgamation of Mobilisation and Intelligence Branches, Army Headquarters	... 5,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Increase of paid lance ranks in British units	... 6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Conversion of 4 heavy batteries from bullock to horse draught	... 7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Personnel for Rifle Factory, Ishapore	... 1,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Charge allowances for subordinates of Supply and Transport Corps	... 1,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Revision of pay of medical appointments	... 5,000	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001
Increase of pay of officers of the Indian Medical Service	... 14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Permanent rank of Lieutenant-Colonel for regimental commandants, Indian Army	... 7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Raising of 106th Hazara Pioneers (balance of cost in later Schedules)	... 3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Minor items costing less than £5,000 a year (recurring)	... 4,000	9,000	19,000	30,000	49,000	46,000	45,000	47,000	48,000	48,000	46,000	41,000	41,000	41,000	41,000
Total	17,000	42,000	160,000	330,000	532,000	715,000	821,000	868,000	871,000	851,000	829,000	830,000	827,000	810,000	810,000

STATEMENT No. 6 (C).
Analysis of Schedule Expenditure, 1904-05 to 1912-13.

	EXPENDITURE FROM 1904-05 (1905-06 MILITARY WORKS) TO END OF 1912-13.										REMARKS.	
	ARMY.		MARINE.		MILITARY WORKS.		SPECIAL DEFENCES		TOTAL.			
	Initial.	Recurring.	Initial.	Recurring.	Initial.	Recurring.	Initial.	Initial.	Recurring.			
	£	£	£	£	£	£	£	£	£			
(a) The aggregate Schedule expenditure from 1904-05* to 1912-13 was —											*In the case of this year the expenditure under the new Schedule system only is included. (See Appendix No. 1, paragraph 12.)	
(b) This is calculated to have included the following expenditure on Reorganisation and Redistribution.											+ Vide Statement No. 1, total of items in line V(a).	
(c) Balance, i.e., expenditure other than Reorganisation and Redistribution	2,866,475	969,887	309,443	16,039	1,331,879	14,383	492,789	5,900,586	1,000,259		† Ditto ditto last figure in line V(b) and last figure in line V(c).	
(d) The expenditure under (c) included the following expenditure on schemes ultimately costing (initial plus one year's recurring) £100,000 or more.												
	MAXIMUM EVENTUAL ESTIMATED COST.											
	Initial.	Recurring.										
46—Army.	£	£										
(i) Reorganisation of Royal Horse and Field Artillery in consequence of rearmament with Quick-Firing guns.	109,758	84,138	109,758	80,500	...	...	...	...	109,758	80,500	
(ii) Augmentation of 12 existing Artillery Ammunition Columns.	39,225	68,454	39,225	61,000	...	...	...	...	39,225	61,000	
(iii) Rearmament of Royal Horse and Field Artillery with Quick-Firing guns.	1,680,540	8,825	1,642,118	8,825	...	...	...	...	1,642,118	8,825	
(iv) Increase of Indian Army Reserve to 50,000 men ..	220,302	88,330	7,440	34,489	...	...	...	...	7,440	34,489	
(v) Purchase of 66,000 short rifles in England ..	275,725	...	275,725	...	...	...	...	...	275,725	...	
(vi) Increased pay of officers and men, Indian Army ..	...	420,000	...	420,000	...	...	...	...	...	420,000	
(vii) Rearmament of Field and Mountain Artillery ..	706,000	10,000	191,300	...	...	...	...	...	191,300	...	
Total	...	3,081,550	674,747	...	...	...	...	...	...	...
46A—Marine.	£	£										
(viii) Construction of R. I. M. S. "Northbrook" ..	187,000	10,919	...	...	187,000	10,919	...	...	187,000	10,919	
47—Military Works.	£	£										
(i) Extra accommodation for Royal Horse and Field Artillery due to rearmament.	162,109	...	...	...	...	...	123,594	...	...	123,594	...
(x) Buildings for Rifle Factory, Ishapore§	108,938	...	...	...	...	...	14,900	...	...	14,900	...
(xi) Buildings for Steel and Cartridge Rolling Mills, Ishapore§.	(14,901)	...	...	...	...	...	16,378	...	...	16,378	...
(xii) Buildings for Cordite Factory§	120,615	...	...	...	...	...	5,559	...	...	5,559	...
(xiii) Buildings for Gun Carriage Factory, Jubbulpore§..	182,127	...	...	...	...	...	59,084	...	...	59,084	...
(xiv) Buildings for new arsenal at Kurkee, including officers' quarters§	(70,91)	...	...	...	...	...	75,173	...	...	75,173	...
(xv) Installation of electric light and punkah pulling§ ..	108,949	13,133	...	...	...	...	48,218	13,133	...	48,218	13,133
(xvi) Reconstruction of lines of Indian troops, first 22 sets ..	203,733	...	...	...	...	...	203,733	...	...	203,733	...
(xvii) Reconstruction of lines of Indian troops, further 10 sets.	124,307	...	...	...	...	...	68,600	...	...	68,600	...
Total	...	1,214,490	13,133	...	...	...	...	...	...	...
47A—Special Defences.	£	£										
(xviii) Special Defences, Armament and Works ..	685,067	...	...	...	...	...	492,789	492,789	...	...
(e) Total d (i) to d (xviii) ..	5,118,107	698,799	2,265,568	614,814	137,000	10,919	605,219	13,133	492,789	8,560,574	628,886	
(f) Balance [(e)] minus (d), i.e., expenditure from 1905-6 to 1912-13 inclusive (8 years), on Schedule measures unconnected with Reorganisation and Redistribution and costing less than £100,000.	600,309	365,073	122,443	5,120	726,680	1,200	...	1,450,412	371,393		||The period 1905-6 to 1912-13 is mentioned instead of the period 1904-5 to 1912-13, as the expenditure in 1904-5 included in (d) has all been eliminated by the deductions made under (b) and (d).	
(g) Average annual expenditure on Ordinary Schedule measures costing less than £100,000 ...	75,114	45,634	15,805	640	90,582	150	...	181,351	46,424		||See also paragraph 25 of the Memorandum and paragraph 7 of Appendix No. 4.	
											£ 227,676 or Rs 34,15,125.	

STATEMENT NO. 6 (D).

36

Analysis of Schedule Expenditure in 1912-13.

	EXPENDITURE PROPOSED IN 1912-13.										REMARKS.	
	ARMY.		MARINE.		MILITARY WORKS.		SPECIAL DEFENCES.	TOTAL.				
	Initial.	Recurring.	Initial.	Recurring.	Initial.	Recurring.	Initial.	Initial.	Recurring.			
(a) Aggregate Schedule expenditure contemplated	£ 270,744	£ 13,895	671	81	£ 214,533	...	£ 20,200	£ 508,148	£ 13,976	
(b) This includes the following expenditure* on Reorganisation and Redistribution	8,076	1,302	...	...	40,400	...	...	43,476	1,302	
(c) Balance, i.e., expenditure other than Reorganisation and Redistribution	267,668	12,593	671	81	174,133	...	20,200	462,072	12,874	
(d) The expenditure under (c) includes the following expenditure on schemes ultimately costing (initial plus one year's recurring) £100,000 or more.							11					
(i) Rearmament of Artillery	150,000	...	...	...	...	...	...	150,000	...	
(ii) Purchase of short rifles	79,375	...	...	...	...	...	...	79,375	...	
(iii) Buildings for Gun Carriage Factory, Jubbulpore	2,000	...	...	2,000	...	
(iv) Buildings for new arsenal at Kirkee	867	...	...	867	...	
(v) Reconstruction of lines of Indian Troops	86,667	...	...	86,667	...	
(vi) Special Defences	20,200	20,200	...	
(e) Total (d) (i) to (vi)	228,375	...	...	...	89,534	...	20,200	338,109	...	
(f) Balance [(c) minus (e)] i.e., expenditure in 1912-13 on Schedule measures unconnected with Reorganisation and Redistribution and costing less than £100,000.	38,293	12,593	671	81	84,599	...	...	123,563	12,874	
										+ £136,237 or Rs. 20,48,555		

* See paragraphs 25 and 26 of the Memorandum and paragraph 7 (4) of Appendix No. 4.

STATEMENT No. 7.

87

Transfers of expenditure between Civil and Military Estimates, 1898-99 to 1912-13.

Item.	1898-99.	1899-1900.	1900-01.	1901-02.	1902-03.	1903-04.	1904-05.	1905-06.	1906-07.	1907-08.	1908-09.	1909-10.	1910-11.	1911-12.	1912-13.	REMARKS.
Upkeep of Hisar Cattle Farm	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	This represents the average annual charge to the Military Estimates of this farm previous to transfer.
(Transferred from Military to Civil Estimates).																
Allowances for Nonconformist Chaplains for attending troops.	"	+3,415	+4,154	+4,291	+4,379	+4,505	+4,800	+5,012	+4,775	+4,565	+4,665	+5,000	+4,980	The full annual cost of these allowances has been shown.
(Transferred from Civil to Military Estimates).																
Cost of Hyderabad Contingent troops	+119,367	+237,600	+196,267	+196,267	+196,267	+196,267	+196,267	+196,267	+196,267	+196,267	+196,267	The charges were taken over from the 1st October, 1902, which accounts for the low charge in 1902-03. The figure for 1903-04 represents the full cost of the Contingent as taken over, but from 1904-05 the Artillery portion of the Contingent was disbanded and the Cavalry portion re-organised, giving a lower cost which has been adopted thereafter. The expenditure has since increased, but the extra cost has been treated as Schedule expenditure.
(Transferred from Civil to Military Estimates).																
Cost of Body-guard of His Excellency the Governor of Bombay.	-3,533	-3,533	-3,533	-3,533	-3,533	-3,533	-3,533	-3,533	-3,533	-3,533	-3,533	This represents the relief to the Military Estimates at the time of transfer.
(Transferred from Military to Civil Estimates).																
Upkeep of Dacca Elephant Kheddahs	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	This represents the average annual charge to the Military Estimates of these operations previous to transfer.
(Transferred from Military to Civil Estimates).																
Cost of Horse Breeding Operations	+42,000	+52,133	+52,533	+46,867	+51,400	+56,600	+44,200	+45,087	+43,967	+42,400	These figures represent the actual cost of these operations.
(Transferred from Civil to Military Estimates).																
44th (Marwara) Infantry	+13,533	+13,533	+13,533	+13,533	+13,533	+13,533	+13,533	Represents the cost of the regiment when taken over. The expenditure has since increased, but the extra cost has been treated as Schedule expenditure.
(Transferred from Civil to Military Estimates).																
Cantonment Magistrates' Department	+50,798	+51,852	+50,841	+53,243	+52,591	+51,601	Represents the net annual cost of the department since taken over.
(Transferred from Civil to Military Estimates).																
Meywar and Malwa Bhil Corps	-15,000	-15,000	-15,000	-15,000	-15,000	-15,000	Represents the relief to the Military Estimates at the time of transfer.
(Transferred from Military to Civil Estimates).																
TOTAL	-5,000	-1,585	+109,498	+270,358	+239,746	+253,305	+247,734	+303,477	+294,404	+280,873	+284,247	+282,725	+280,245	

STATEMENT No. 8.

ALLOCATION OF NON-SCHEDULE EXPENDITURE BY GRANT HEADS, 1905-06 TO 1912-13.

Note.—The Schedule expenditure separately shown in this statement, is that exhibited in line P (a), (b), and (c), of Statement No. 1.

Head	1905-06.	1906-07.	1907-08.	1908-09.	1909-10.	1910-11.	1911-12.	1912-13.
46.—Army.								
Receipts, India and Home	1,189,896	1,217,569	1,022,479	862,939	977,728	1,058,649	1,178,100	1,154,900
Expenditure—India—								
Schedule	637,985	654,849	670,701	839,497	1,250,000	1,400,000	1,375,000	1,418,000
Other Expenditure	13,462,125(c)	13,484,156(c)	13,307,839	13,483,039	12,978,091	12,910,872	13,250,500	12,719,100
<i>Effective Services.</i>								
Grant 1. Administration	419,322	414,341	426,217	428,557	438,467	431,018
,, 2. Military Accounts	130,706	139,701	162,195	181,669	181,333	178,539
,, 3. Regimental Pay, etc. (including Volunteers)	7,342,240	7,309,127	7,381,556	7,359,834	7,440,600	7,231,925
,, 4. Supply and Transport (including Farms)	1,965,746	2,008,899	1,940,904	1,875,854	1,793,467	1,817,227
,, 5. Veterinary Services	80,555	29,940	31,349	32,201	38,067	33,211
,, 6. Army Clothing Department, etc.	113,654	119,996	98,428	84,508	78,000	103,056
,, 7. Remount Establishments, etc.	269,359	335,080	298,300	320,415	258,466	270,435
,, 8. Medical Services	409,335	393,512	391,096	393,416	385,466	391,675
,, 9. Medical Stores	26,702	26,345	19,161	27,407	26,267	24,573
,, 10. Ordnance Establishments, etc.	794,004	746,906	587,210	491,302	509,000	542,965
,, 11. Ecclesiastical	28,474	27,304	23,395	27,624	28,267	23,382
,, 12. Education	72,693	73,019	70,050	69,766	66,000	65,366
,, 13. Compensation for food and forage	414,734	507,495	403,157	307,504	288,680	273,637
,, 14. Miscellaneous Services	149,353	220,576	110,384	158,500	611,467	161,733
,, 15. Hutting	22,050	31,205	21,734	14,620	21,867	13,393
,, 16. Conveyance by Road, River and Sea	71,547	60,784	58,132	57,532	59,738	94,695
,, 17. Conveyance by Rail	290,318	251,066	240,032	242,553	272,867	238,450
,, 18. Cantonments	68,207	74,000	87,160	103,823	80,407	83,797
<i>Non-Effective Services.</i>								
,, 19. Rewards for Military Services	6,553	7,355	6,435	13,034	6,833	17,732
,, 20. Pensions	636,853	646,415	659,437	667,943	666,133	667,001
Unadjusted expenditure	14,485	-5,180	-41,270	53,888	38	80
Total Indian Expenditure	14,100,110	14,139,105	13,978,830	14,332,536	14,226,091	14,310,872	14,625,500	14,137,100

(c) The change in classification of the Indian expenditure carried into effect from 1907-08, render it impossible to supply comparative figures for non-Schedule Indian expenditure by grant heads in 1905-06 and 1906-07.

Head.	1905-06.	1906-07.	1907-08.	1908-09.	1909-10.	1910-11.	1911-12.	1912-13.
Expenditure—Home—								
Brought forward	14,100,110	14,139,105	13,978,630	14,322,536	14,226,091	14,310,872	14,625,500	14,137,100
Schedule	716,567	955,351	116,229	93,000	103,000	109,000	170,000	266,000
Other Expenditure	4,450,453	4,563,389	4,552,674	4,761,730	4,572,090	4,711,908	4,814,900	4,681,600
<i>Effective.</i>								
Payments to War Office in respect of British Forces serving in India	505,720	649,187	626,829	893,498	908,057	925,055	902,000	923,000
Furlough Allowances and Pay during voyage of British Forces serving in India	129,263	144,253	140,491	144,003	140,412	135,116	139,000	148,000
Consolidated Clothing Allowances of British soldiers	...	...	...	...	...	...	17,194	15,200
Furlough Allowances of Officers of the Indian Service	...	292,877	313,521	341,783	354,281	354,527	372,824	370,000
Indian Troop Service	...	313,810	361,715	387,122	324,857	270,685	282,927	226,500
Passages of officers and others not charged to Indian Troop Service	...	6,850	5,418	6,091	5,662	5,885	6,148	5,000
Purchase of Horses, etc.	...	...	...	29,033	11,908	1,826	3,656	5,000
Military Operations in the Persian Gulf	...	...	44,065	40,776	...	...	88,700	2,500
Miscellaneous	...	...	...	...	34,621	35,409	34,447	35,000
<i>Stores for India—</i>								
Clothing	...	...	...	192,966	202,055	209,463	188,985	104,754
Ordnance and Miscellaneous	...	...	...	432,277	327,410	290,841	244,098	172,225
Medical	...	...	...	49,583	47,076	46,705	46,777	66,627
Supply and Transport	...	...	...	38,254	46,139	38,570	43,030	38,548
Operations in the Persian Gulf	...	...	...	...	...	...	18,755	18,755
<i>Non-Effective.</i>								
Payments to War Office for Retired Pay, etc., of British Forces for service in India.	715,293	772,680	816,586	822,450	859,597	879,875	898,400	923,000
Pay of Non-Effective Colonels of Royal Artillery	...	16,515	15,619	15,514	12,910	10,667	9,789	7,000
Pay and Pensions of Non Effective and Retired Officers of the Indian Service	1,515,868	1,49,954	1,471,685	1,476,771	1,434,100	1,432,801	1,430,000	1,430,000
Miscellaneous Pensions, etc.	...	...	85,453	91,234	95,923	94,213	94,997	95,000
Indian Military Service Family Pensions	...	51,669	53,900	57,594	61,940	64,531	67,217	72,000
Total Home Expenditure	5,167,020	5,518,740	4,868,903	4,834,730	4,675,090	4,820,908	4,984,900	4,947,600
Gross Army Expenditure—India and Home	19,267,180	19,657,845	18,647,533	19,177,266	18,901,181	19,131,780	19,610,400	19,084,700
Net Army Expenditure—India and Home	18,07,743	18,440,276	17,625,054	18,314,327	17,923,453	18,073,131	18,432,400	17,929,800

48 A-Marine.

46 A—Marine.											
Receipts—Home and India		..		..		..		..		..
Expenditure—India—											
Schedule	..	..	..	..	..	..	..	..	..	14,773	14,773
Non-Schedule	..	..	..	..	..	..	..	..	..	214,227	214,227
Expenditure—Home—											
Schedule	..	..	..	..	..	..	..	..	..	1,266	1,266
Non-Schedule	..	..	..	..	..	..	..	..	..	216,834	216,834
Total Gross Marine Expenditure	..	..	..	..	..	..	..	..	..	447,100	447,100
Total Net Marine Expenditure	..	..	..	..	..	..	..	..	..	356,000	356,000
47—Military Works.											
Receipts—Home and India—	..	..	..	..	..	..	..	..	..
Expenditure—India—											
Schedule	..	..	..	..	..	..	..	..	..	224,666	224,666
Non-Schedule	..	..	..	..	..	..	..	..	..	619,284	619,284
Expenditure—Home—											
Schedule	..	..	..	..	..	..	..	..	..	5,500	5,500
Non-Schedule	..	..	..	..	..	..	..	..	..	11,100	11,100
Gross Military Works Expenditure	..	..	..	..	..	..	..	..	..	860,500	860,500
Net Military Works Expenditure	..	..	..	..	..	..	..	..	..	788,500	788,500
47 A.—Special Defences.											
Expenditure—											
India—Schedule	..	..	..	..	..	..	..	..	..	11,600	11,600
Home—Schedule	..	..	..	..	..	..	..	..	..	8,600	8,600
Gross and Net Special Defences Expenditure	..	..	..	..	..	..	..	..	..	20,200	20,200
Grand Total Military Receipts— all four heads	..	..	..	..	..	..	..	..	..	1,318,000	1,318,000
Gross Military Expenditure—all four heads	..	..	..	..	..	..	..	..	..	20,412,500	20,412,500
Net	..	..	..	..	..	..	..	..	..	19,094,500	19,094,500

STATEMENT No. 9.

Comparison between authorised and actual strength of men and animals in certain selected years.

Year,	Strength.		TRANSPORT.		Remarks.
	BRITISH ARMY.	INDIAN ARMY.	Horsemen and pack animals	Mules and ponies	
1st April 1898	Established 2,260	British officers. European ranks. Indian ranks.	Regimental horses and camels Regimental and battery mules	Bullockes.	Artillery bullockes.
"	Actual 1,788	British officers. European ranks. Volunteers.	Regimental horses and camels Regimental and battery mules	British horses Miles and ponies	British horses Miles and ponies
1st April 1903	Established •	British officers. European ranks. Volunteers.	Indian Army reserves	British horses Miles and ponies	British horses Miles and ponies
"	Actual 1,788	British officers. European ranks. Volunteers.	Indian Army reserves	British horses Miles and ponies	British horses Miles and ponies
1st April 1905	Established "	British officers. European ranks. Volunteers.	Indian Army reserves	British horses Miles and ponies	British horses Miles and ponies
"	Actual 2,350	British officers. European ranks. Volunteers.	Indian Army reserves	British horses Miles and ponies	British horses Miles and ponies
1st April 1907	Established "	British officers. European ranks. Volunteers.	Indian Army reserves	British horses Miles and ponies	British horses Miles and ponies
"	Actual 2,281	British officers. European ranks. Volunteers.	Indian Army reserves	British horses Miles and ponies	British horses Miles and ponies
1st April 1912	Established "	British officers. European ranks. Volunteers.	Indian Army reserves	British horses Miles and ponies	British horses Miles and ponies
"	Actual 2,324	British officers. European ranks. Volunteers.	Indian Army reserves	British horses Miles and ponies	British horses Miles and ponies

Explanatory note regarding the Hyderabad Contingent.

The authorised and actual strengths of this Contingent as it stood immediately prior to its reorganisation in 1903 are shown in the statement. This Contingent consisted of—

(a) Artillery—4 batteries	10 British officers 512 Indian ranks. 323 Horses.
---------------------------	-----	-----	-----	---

These were all disbanded.

(b) Cavalry—4 regiments of 3 squadrons each	55 British officers. 1,970 Indian ranks. 1,956 Horses.
---	-----	-----	-----	--

The three squadrons of one of the regiments were transferred to the other regiments, thus giving three regiments with a four-squadron organisation, each comprising—

12 British officers, 625 Indian ranks.

(c) Infantry—6 battalions	75 British officers. 4,832 Indian ranks.
---------------------------	-----	-----	-----	---

These were retained and given each a strength of—

13 British officers, 832 Indian ranks.

STATEMENT NO. 10 (A).

Schedule Stores expenditure.

Year.	ORDNANCE.		CLOTHING.		MUNICIAL.		SUPPLY AND TRANSPORT.		MAINTENANCE.		TOTAL.	
	Home		India	Total	Home	India	Total	Home	India	Total	Home	India
	£	£	£	£	£	£	£	£	£	£	£	£
1898-99	... ^(a)	... ^(a)	... ^(a)	... ^(a)	716,567	153,270	869,837	... ^(a)	... ^(a)	... ^(a)	72,000	789,567
1905-06	... ^(b)	... ^(b)	... ^(b)	... ^(b)	937,121	22,028	969,149	... ^(b)	... ^(b)	... ^(b)	154,686	1,105,187
1906-07	... ^(b)	... ^(b)	... ^(b)	... ^(b)	48,027	54,878	102,905	... ^(b)	1,347	10,545	9,747	20,232
1907-08	... ^(b)	... ^(b)	... ^(b)	... ^(b)	66,775	13,975	80,750	... ^(b)	3,863	10,024	2,325	12,349
1908-09	... ^(b)	... ^(b)	... ^(b)	... ^(b)	75,444	6,971	82,416	... ^(b)	22	4,503	1,000	5,593
1909-10	... ^(b)	... ^(b)	... ^(b)	... ^(b)	80,217	17,612	97,829	... ^(b)	... ^(b)	1,998	1,661	3,659
1910-11	... ^(b)	... ^(b)	... ^(b)	... ^(b)	130,000	8,102	138,102	... ^(b)	... ^(b)	3,300	1,142	4,442
1911-12	... ^(b)	... ^(b)	... ^(b)	... ^(b)	225,128	23,735	248,863	... ^(b)	... ^(b)	1,988	295	2,283
1912-13	... ^(b)	... ^(b)	... ^(b)	... ^(b)	225,128	23,735	248,863	... ^(b)	... ^(b)	1,367	... ^(b)	487

Note.—(a) Exhibits the Reorganisation stores accounts figure of the year, which included all Store heads and not only Ordnance, but insufficient information is available to distribute it accurately. It also includes additions of £1,000 (Home) and £31,000 (India) of Ordnance stores expenditure estimated to have been incurred in 1905-06 on Ordinary Schedule measures but not brought to account against the special "Reorganisation" head.
 (b) Includes £4,296 Home stores expenditure for Marine debitable to Schedule measures, but incorrectly debited in the Home Accounts to ordinary stores.
 (c) Includes £22,669 Home Ordnance expenditure on stores debitable to a Schedule measure, but incorrectly debited in the Home Accounts to ordinary stores.
 (d) Includes £1,250 Home Ordnance expenditure on stores debitable to a Schedule measure, but incorrectly debited in the Home Accounts to ordinary stores.

STATEMENT NO. 10 (B).

Non-Schedule Stores Expenditure, excluding Special Services.

[Note.—These figures are analysed in Appendix No 5.]

Year.	ORDNANCE.		CLOTHING			MEDICAL.			SUPPLY AND TRANSPORT.			MARINE.			TOTAL.					
			Home.		India.		Total.		Home.		India.		Total.		Home.		India.		Total.	
	Home.	India.	Total.	Home.	India.	Total.	Home.	India.	Total.	Home.	India.	Total.	Home.	India.	Total.	Home.	India.	Total.		
1905-06	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£		
1906-07	281,880	226,384	508,224	190,574	90,602	281,176	20,920	32,248	53,163	26,621	9,963	36,584	57,142	48,448	105,590	577,147	407,590	984,737		
1907-08	432,277	370,875	802,632	192,966	83,569	276,535	49,583	49,649	99,282	58,254	11,458	49,712	76,021	79,741	155,762	789,101	594,792	1,363,893
1908-09	327,410	357,879	635,259	202,055	90,314	292,369	47,076	45,759	92,835	46,159	7,523	53,662	99,360	88,321	182,651	722,040	584,796	1,306,836
1909-10	290,341	315,972	636,913	209,463	92,038	301,501	47,777	47,630	95,407	38,570	13,469	52,039	65,427	63,376	129,803	652,578	562,485	1,215,063
1910-11	244,098	310,658	533,656	188,885	91,122	280,007	46,705	46,287	92,992	43,030	14,341	57,371	97,270	54,118	151,988	619,998	525,426	1,145,414
1911-12	173,781	240,846	423,627	104,754	71,252	176,006	60,034	46,922	115,956	38,112	14,850	53,262	73,691	65,123	139,814	459,672	448,993	903,665
1912-13	210,929	160,341	371,270	94,225	59,336	153,531	84,247	45,825	130,072	24,511	17,211	41,722	67,527	72,745	140,275	481,439	355,461	836,900
1913-14	248,310	164,165	412,465	81,400	52,200	133,600	111,700	48,058	159,758	44,300	16,738	61,033	58,900	62,993	121,893	544,600	344,149	888,749
1914-15	184,100	187,313	371,413	61,400	76,081	137,461	87,800	50,962	138,762	39,100	1,205	40,805	80,000	65,095	145,095	482,400	380,656	633,056
Readjusted for advance pur- chases.*																				
1910-11	..	128,329	160,341	288,670	94,225	59,386	153,561	84,247	45,825	130,072	21,311	17,211	38,522	48,527	72,745	121,295	376,639	355,461	732,100	
1911-12	..	251,900	157,165	409,065	81,400	52,200	133,600	111,700	48,058	159,758	47,500	16,733	64,233	62,993	140,593	570,400	337,149	907,549		
1912-13	..	268,100	194,313	457,413	61,400	76,081	137,461	87,800	50,962	138,762	39,100	1,205	40,805	80,000	65,095	145,095	531,400	387,956	919,056	

*See explanatory note on reverse regarding advance purchases of stores.

Explanatory note regarding advance purchases of Stores.

Towards the end of 1910-11 it was decided, in view of the large lapses impending in the Military budget, to purchase in advance in that year animals and ordinary stores which belonged to the requirements of 1911-12, the budget of the latter year being correspondingly relieved. This procedure was repeated at the end of 1911-12, and the budget of 1912-13 was *pro tanto* reduced. The effect has been to obscure the natural course of the annual stores figures of the departments affected, and also the figures for expenditure as a whole. As it is convenient for some purposes to use adjusted figures in which the advance expenditure has been restored to the year to which it properly belongs, the particulars below are given showing how the adjustments have been made.

	Ordnance stores.	INDIA.				HOME.				TOTAL.
		Food supplies.	Transport animals.	Special Services (re-placement of animals used in Abor Expedition).	Ordnance stores.	Supply and Transport stores.	Special Services (coal for Arms Traffic Operations).	Marine stores.		
	£	£	£	£	£	£	£	£	£	£
(i) The expenditure of 1910-11 was increased by advance purchases on account of 1911-12 as follows :—	...	+26,700	+21,700	...	+82,600	+3,200	...	+19,000	+153,200	
(ii)—The expenditure of 1911-12 was reduced by (i) as follows :—	...	-26,700	-21,700	...	-82,600	-3,200	...	-19,000	-153,200	
(iii)—The expenditure of 1911-12 was increased by advance purchases on account of 1912-13 as follows :—	+7,000	...	...	+4,300	+79,000	...	+5,000	...	+95,300	
(iv)—Net effect on expenditure of 1911-12.	+7,000	-26,700	-21,700	+4,300	-3,600	-3,200	+5,000	-19,000	-57,900	
(v)—The expenditure of 1912-13 was relieved by (iii) as follows :—	-7,000	...	...	-4,300	-79,000	...	-5,000	...	-95,300	

There were also some so-called advance purchases on account of Schedule measures. These, however, are the same in principle as ordinary reappropriations of Schedule funds and require no special consideration. They occurred in 1911-12 and amounted to £7,000 at Home and £2,100 in India.

STATEMENT NO. 11.

NN number and cost of animals (non-Schedule) purchased in certain selected years.

NUMBERS PURCHASED.

Years.	Expenditure incurred.	Horses.	Mules.	Ponies.	Bullocks.	Camels.	Donkeys.	Total.	REMARKS.	
1898-99	114,823	1,935	854	44	979	2,130	...
1905-06	173,253	2,646	1,707	132	979	422	8
1907-08	158,485	2,461	2,042	135	154	91	...
1912-13 (Budget)	160,100	2,775	3,094	94	622	179	...

STATEMENT No. 12.

47

Miscellaneous quasi-contract Army grants.

[NOTE.—In order to bring out the regularity of these grants in certain cases the figures given are budget figures throughout.]

1898-99.	1905-06.	1906-07.	1907-08.	1908-09.	1909-10.	1910-11.	1911-12.	1912-13.	REMARKS.
£	£	£	£	£	£	£	£	£	
66,078	66,667	66,667	66,667	53,333	83,333	53,333	53,333	27,626	The limitation of relief expenditure to a fixed amount commenced in 1901-02. The grant was reduced in 1908-09 by £13,334 in consequence of lower railway rates being introduced. The grants for 1909-10 and 1912-13 were arbitrarily reduced, owing to the financial situation. The normal annual grant is now £33,333.
6,667	13,333	13,333	20,000	20,000	20,000	20,000	N <i>o</i> l	26,667	The grant of £6,667 was introduced in 1890-91, was increased to £13,333 in 1901-02, to £20,000 in 1907-08, and to £26,667 in 1912-13. No provision was made for tricing in 1911-12 owing to the proposed Durbar Maneuvres.
27,033	24,962	22,919	23,919	23,819	23,819	23,798	23,941	23,027	Reduction due to installation of electric fans at certain stations, the charges on account of which are met from the Military Works grant.
5,467	5,467	5,467	5,467	5,467	5,467	5,467	5,467	5,467	This grant commenced in 1892-93.
11,802	24,150	24,159	24,281	24,049	20,716	29,537	29,551	28,870	Increase due to re-establishment of Cantonment Hospitals, and to increased grants-in-aid given in certain cases as compensation for the general withdrawal from Cantonment Funds of the rents received for lands leased to the Farms Department.
19,618	20,720	24,317	22,717	22,973	83,333	83,333	18,833	18,833	The increase in 1909-10 was due to an additional £10,000 being given for reconstruction, and the decrease from 1910-11 onwards to the decision that all major reconstruction expenditure should be borne by the Military Works estimates, the present grant of £18,833 being thus confined to repairs and minor reconstruction work only. As the Military Works Services take over Indian lines this grant will gradually disappear.
186,665	155,308	156,862	168,001	149,641	136,668	165,466	125,625	*124,990	* If a normal relief grant had been allowed the total would have been £150,697.

STATEMENT NO. 13.

Military Works expenditure " Ordinary Demands ", 1904-05 to 1912-13.

Year.	Budget grant.	Additional grants given during year.	Total provision.	Actual expenditure.	REMARKS.
	£	£	£	£	
1904-05 ...	646,667	...	646,667	651,647	
1905-06 ...	623,533	13,333	636,866	641,623	
1906-07 ...	623,533	9,800	633,333	641,493	
1907-08 ...	667,133*	4,898	672,031	684,001	*Increased by £33,800 on account of charges taken over from Military estimates Annual allotment also increased by a further sum of £9,800.
1908-09 ...	667,133	10,399	677,532	679,900	
1909-10 ...	633,800	17,362	651,162	+653,009	†Excess over original budget grant due to charges connected with electrical installations being transferred from the Army head.
1910-11 ...	665,400	26,962	692,362	681,065	
1911-12 ... (Revised)	662,600	7,900	670,500	670,500	
1912-13 ... (Budget)	646,000	...	...	...

Explanatory Note.

Up to 1880-81 the allotment for all Military Works was determined annually. In 1880 it was decided to give a fixed annual allotment of £666,667. Owing to the occupation of Upper Burma and other conditions enhancing the expenditure to be met, the allotment was increased at various times, and by 1901-02 had reached £766,667. From 1904-05 it was decided to substitute the following system of financing Military Works :—

A.—To give an annual assignment, subject to quinquennial revision, to cover the " Ordinary Demands ", representing establishment and repair charges and expenditure on original works of small cost (not exceeding £3,333). It was considered that the grant would remain fairly constant during a moderate term of years.

B.—All works costing over £3,333 to be classed as " Special Demands ", and separately financed through the annual Schedules.

The " Ordinary Demands " allotment was originally fixed at £646,667 for 1904-05, and £621,667 for the remaining four years, but in practice £623,533 was the lowest allotment given, and in 1907-08 the position was reconsidered and the normal allotment fixed at £633,333, and £33,800 added for water-supply and electrical installation charges transferred from the Army estimates, the allotment being thus raised to £667,133.

The five years contract for " Ordinary Demands " expired in 1908-09, and it was then decided that from 1909-10, and for some years to come, the allotment should be reconsidered annually. This decision is still in force, and each year's allotment depends upon the financial situation. In 1912-13 the grant was specially restricted, the curtailment being estimated at £16,600, i.e., the difference between the grants for 1911-12 and 1912-13.

STATEMENT No. 14.

(A) Economies effected during Lord Kitchener's tenure of the appointment of Commander-in-Chief in India.

Measure.	Maximum recurring saving.
<i>I.—Reductions in the permanent expenditure which was created by the Schedule measures undertaken between 1898-99 and 1904-05 [Line IV (c) of Statement No. 1.]</i>	£
Abolition of 3 Mounted Infantry Schools ...	23,000
Reduction of strength of Indian Submarine Mining Corps.	3,000
Reduction of strength of Army Beater Corps	42,000
Reorganisation of Mountain Artillery ...	9,200
Reorganisation of Howitzer Brigade, Royal Field Artillery.	7,200
Disbandment of 1 Company, Royal Garrison Artillery.	12,000
Abolition of drivers for maxim gun mules ...	1,700
Total I ...	<u>98,100</u>
<i>II.—Reductions of ordinary expenditure (Line XIII of Statement No 1).</i>	
Revised military railway traffic rates ...	*58,000
Reunification of Supply and Transport Corps, including savings due to abolition of Commands.	43,600
Reorganisation of Army Staff in 1907 ...	11,400
New British Army clothing allowance system.	10,000
Changes made in transport strength, equipment, etc.	10,100
Changes made in supply organisation ...	9,100
Disbandment of 58th Silladar Camel Corps	8,900
Abolition of Madras Command ...	5,000
Closing of Deolali Depôt	5,000
Reduction of Horse lines contingent allowance.	4,600
Reduction of Military Law staff ...	3,600
Substitution of reserve of Australian tinned meat for Maconochie's rations	3,200
Reduction of bullock transport in Burma ...	2,500
Reduction of strength of syces with British Corps.	2,000
Abolition of Mountain gun establishment in Assam.	2,100
Reduced fuel scale for Warren's cooking ranges.	2,000
Carried over ...	<u>181,100</u>

*This measure was originally calculated to involve a recurring saving of £91,000 per annum, but a subsequent change in the accepted rates reduced the saving to the lower figure here given.

Measure.	£	Maximum recurring saving.
Brought forward	181,100	
Reduction of permanent staff of Volunteers	... ... ...	2,000
Reduction of original establishment of Indian Submarine Mining Corps	... ...	2,000
Changes made in serge frocks, British Infantry	... ... ...	1,400
Abolition of sea voyage helmets	... ... ...	1,300
Abolition of reserve of lime juice	... ... ...	1,200
Abolition of special pay for senior Trumpeters, Royal Field and Garrison Artillery.		1,200
Despatch of invalids to hills instead of to England	... ... ...	1,000
Minor items below £1,000 in each case	... ... ...	9,000
Total II	...	200,200
GRAND TOTAL I AND II	...	298,300

(B) Approximate estimate of the extent to which Lord Kitchener's economies have affected the expenditure of successive years.

	SAVING ATTAINED IN									
	1903-4.	1904-5.	1905-6	1906-7.	1907-8.	1908-9.	1909-10.	1910-11.	1911-12.	1912-13.
I.—Amount (progressive) by which Schedule recurring expenditure [line IV (c) of Statement No. 1] was reduced	... ... ...	... ... ...	... ... ...	3,000	35,900	69,100	99,100	99,100	98,100	98,100
II.—Amount (progressive) by which ordinary recurring expenditure (line XIII of Statement No. 1) was reduced.	2,800	6,400	25,500	32,600	97,700	205,600	220,600	198,600	199,600	199,600
Total	... 2,800	6,400	25,500	35,600	133,600	274,700	319,700	297,700	297,700	297,700

STATEMENT No. 15.

Economies effected during His Excellency Sir O'Moore Creagh's tenure of the appointment of Commander in-Chief in India.

A.—Economies resulting from the special review of military expenditure undertaken during 1911.*

	Saving of which account has been taken in budget of 1912-13.	Maximum eventual saving.	Remarks.
(a) Fully sanctioned economies entailing a permanent reduction of recurring expenditure.	£	£	
Reduction of scale of syces for riding and spare draught artillery horses in batteries to general cavalry scale 	3,300	3,300	
Abolition of the appointment of Inspecting Officer of Cantonments 	1,400	1,400	
Abolition of extra duty pay for British Signallers 	1,800	1,800	
Change of system in dealing with reserves of food and medical comforts 	3,300	3,300	
Total ...	9,800	9,800	
(b) Economies entailing a reduction of recurring expenditure, but not fully sanctioned as measures to be permanently adopted.			
Employment of Royal Indian Marine transports on Home trooping 	38,000	118,300	
Reduction of the Transport Registration staff from 22 to 12 British officers ...	5,500	12,700	
Total ...	43,500	126,000	
(c) Economies, or avoidances of expenditure, having a temporary effect only.†			
Change of system of renewals of mobilization reserves of clothing and equipment,	16,700	...	
Reduction of the annual Relief grant ...	25,700	...	
Reduction of the Ordinary Military Works grant 	16,600	...	
Total ...	59,000	...	

* Only those economies or avoidances of expenditure of which account was taken in the budget of 1912-13 are enumerated in this statement.

† In addition the Schedule provision for measures of a minor character was specially curtailed in 1912-13, but as there is no established standard for the annual Schedule grant the extent of the reduction cannot be stated in the form of a precise figure.

B.—Reductions of permanent recurring expenditure effected in the ordinary course of administration (up to 31st March 1912).

Note.—The figures in this statement are reproduced from a register of permanent recurring savings which has been maintained in the Finance Department since November 1909 (*i.e.* for 2½ years).

Measures.	Maximum eventual saving.	Saving estimated to have been attained in			
		1909-10.	1910-11.	1911-12.	1912-13.
I.—CONNECTED WITH SCHEDULE MEASURES UNDERTAKEN BETWEEN 1898-99 AND 1904-05.	£	£	£	£	£
(a) <i>Individual measures saving more than £1,000 per annum in each case.</i>					
Abolition of the two Pony Cart Train cadres.	5,300	1,000	5,300	5,300	5,300
Abolition of remaining two Mounted Infantry Schools.	12,000	...	...	12,000	12,000
Abolition of experimental Balloon Section.	4,800	...	...	4,800	4,800
Further reduction of the Indian Submarine Mining Corps.	1,100	...	...	1,100	1,100
Total ...	23,200	1,000	5,300	23,200	23,200
(b) Total of minor savings below £1,000 each.	700	...	...	700	700
Grand Total, I ...	23,900	1,000	5,300	23,900	23,900
II.—ECONOMIES IN NON-SCHEDULE EXPENDITURE.					
(a) <i>Individual measures saving more than £1,000 per annum in each case.</i>					
Reorganisation of Royal Garrison Artillery at coast defence stations.	17,800	...	6,700	13,300	13,300
Revised scale of Indian artificers for Artillery units.	3,400	...	3,400	3,400	3,400
Reduction of grants-in-aid to Cantonment funds.	3,300	...	3,300	3,300	3,300
Carried over ...	24,500	...	13,400	20,000	20,000

Measures.	Maximum eventual saving	Saving estimated to have been attained in			
		1909-10.	1910-11.	1911-12.	1912-13.
Brought forward ...	£ 24,500	£ ...	£ 13,400	£ 20,000	£ 20,000
Revised rates of pay for Sergeant Instructors of Volunteers.	2,700	... 1,000	2,000	2,700	
Grant of subsistence allowance instead of rank pay to Indian recruits until approved.	2,000	... 2,000	2,000	2,000	
Substitution of Soldier for Civilian Vernacular School-masters.	1,800	... 500	800	1,000	
Abolition of the Ordnance Depôt, Aden.	1,800	... 1,800	1,800	1,800	
Delocalisation, 90th Punjabis ..	1,600	... ...	...	...	1,600
Revised system of purchasing and baling mobilisation fodder reserves.	1,600	... ...	1,600	1,600	1,600
Revised extra duty pay rates, Gymnastic Instructors.	1,600	... 1,600	1,600	1,600	
Revised contingent allowances for Divisional and Brigade Staff Offices.	1,500	... ...	1,500	1,500	
Abolition of Inspector of Submarine Defences.	1,100	... 1,100	1,100	1,100	1,100
Revised military grass farm arrangements, Allahabad.	1,000	... ...	1,000	1,000	1,000
Reduction of hospital beds and servants, British troops.	Not yet known.	... ...	...	...	3,000
Rev'd method of supplying fodder to troops detached.	1,800	... ...	...	...	1,800
Discontinuance of evening time gun.	1,000	... ...	200	1,000	
Total ...	43,500	... 21,400	38,600	41,200	
(b) Total of minor savings below £ 1,000 each.	17,600	900 6,300	11,300	17,000	
Grand Total, II (a) and (b) ...	61,100	900 27,700	44,900	58,200	
Grand Total, I and II ...	85,000	1,900 38,000	68,800	82,100	

STATEMENT No. 16.

Permanent recurring non-Schedule expenditure sanctioned during His Excellency Sir O'Moore Creagh's tenure of the appointment of Commander-in-Chief in India (up to 31st March 1912).

Note.—The figures in this statement are reproduced from a register of permanent recurring expenditure sanctioned, which has been maintained in the Finance Department since November 1909 (i.e., for 2½ years).

Measures.	Maximum eventual annual cost.	Expenditure estimated to have been attained in			
		1909-10.	1910-11.	1911-12.	1912-13.
(a) Individual measures costing more than £1,000 per annum in each case.	£	£	£	£	£
Institution of a Supply and Transport School.	1,590	1,590	1,590	1,590	1,590
Improvement of pay of secular and religious educational establishments, Indian troops.	2,080	...	1,000	2,080	2,080
Retention of British troops in the hills beyond 15th October annually.	1,980	...	1,980	1,980	1,980
Increase in purchase price of bullocks.	1,550	...	1,550	1,550	1,550
Increase in purchase price of young stock mules.	1,820	...	1,820	1,820	1,820
Appointment of Schoolmaster Sergeants, British Infantry.	1,270	...	400	1,270	1,270
Improvement of position of Matrons of Station Family Hospitals.	1,260	...	...	1,260	1,260
Increase in Order of British India.	5,010	...	...	630	1,200
Revised administration, Grass and Dairy Farms.	1,850	...	...	200	1,000
Brown belts for ceremonial and walking out purposes.	1,160	...	...	...	...
Issue of pistol ammunition to British officers.	1,160	...	...	1,160	1,160
Piped water supply at Cawnpore	1,060	...	...	...	1,060
Charge allowances for arsenal warrant officers, Ordnance Department.	2,680	...	...	2,680	2,680
Total ...	23,420	1,590	7,790	15,670	18,100
(b) Total of minor sanctions under £1,000 each.	48,500	4,750	22,110	39,040	48,500
GRAND TOTAL (a) AND (b) ...	71,920	6,340	29,900	54,710	66,600

STATEMENT No. 17.

Percentage borne by net Military expenditure to total expenditure (Imperial plus Provincial) 1884-85 to 1912-13.

[*Note.—The figures have been adjusted for war and famine as explained in the headings of the columns. The results are also exhibited graphically in Diagrams Nos. 1 and 2.*]

Years.	Net Military expenditure minus net expenditure on account of Special Services and plus War Savings.	Net total expenditure (Imperial and Provincial) with the same addition and deduction as in column 2 and also deduction of net Famine relief expenditure.	Percentage of (2) to (3)-	
			1	2
		£	£	
1884-85	12,207,681	23,407,591	52·2
1885-86	12,264,637	24,339,543	50·4
1886-87	13,935,192	26,450,150	52·7
1887-88	14,538,653	27,980,887	52·0
1888-89	14,168,997	27,344,063	51·8
1889-90	14,486,643	27,824,517	52·1
1890-91	14,881,840	27,098,989	51·9
1891-92	15,499,788	29,564,953	52·4
1892-93	16,042,423	31,643,886	50·7
1893-94	15,695,729	31,833,989	49·3
1894-95	15,263,147	32,949,446	46·3
1895-96	15,459,749	32,679,133	47·3
1896-97	15,988,944	31,384,887	50·9
1897-98	15,655,763	30,683,254	51·0
1898-99	15,512,723	31,074,728	49·9
1899-1900	15,485,147	30,715,625	50·4
1900-01	16,505,528	32,243,530	51·2
1901-02	17,192,561	33,885,056	50·7
1902-03	17,921,071	34,772,448	51·5
1903-04	17,758,955	35,808,314	49·6
1904-05	20,056,662	37,582,120	53·4
1905-06	19,498,665	37,934,102	51·4
1906-07	20,078,752	40,518,534	49·6
1907-08	19,180,265	39,511,810	48·5
1908-09	19,449,386	41,646,966	46·7
1909-10	19,056,350	41,891,152	45·5
1910-11	19,059,817	43,821,231	43·5
1911-12 (Revised)	18,987,200	44,949,900	42·2
1912-13 (Budget)	18,972,900	44,173,800	43·0

APPENDICES.

APPENDIX No 1.

THE SCHEDULE SYSTEM AND ACCOUNTS

The annual military "Schedule" is a list of important* measures which

* The test of "importance" has varied from time to time; at present any measure of which the initial plus one year's recurring cost exceeds Rs. 50,000 has to be treated as a Schedule measure.

the Government of India, with the approval of the Secretary of State, propose to finance, in whole or part, during a particular year. The object of dealing collectively with the larger measures in this way is partly administrative, i.e., to secure, by the simultaneous consideration of all the larger demands, that priority is given to the most urgent, and partly financial, i.e., to give the Government of India the opportunity of recognizing, and also of steadyng and limiting, the aggregate outlay on which they are embarking from year to year in furtherance of important military schemes.

2. Once the amount to be provided in any particular year for the financing of Schedule measures, i.e., the "Schedule grant" or "grant for Special expenditure", as it is variously called, has been passed in the year's budget, and the Schedule itself has also been approved by the Secretary of State, the Army authorities, in concert with the Military Finance Branch of the Finance Department, have wide powers in dealing with the aggregate sum thus placed at their disposal. They are not bound to adhere strictly to the year's programme as set forth in the approved Schedule; i.e., reappropriation can be freely effected, even between major heads (e.g., from Army to Military Works), and thus in practice the Schedule provision tends to be treated to some extent as a lump grant.

3. But there are also important limitations :—

- (1) In the case of Military Works measures, the sanction of the Secretary of State is required to any project costing more than Rs. 1,50,000, whereas under civil rules, and formerly under military rules also, the powers of the Government of India in the case of works extended to Rs. $12\frac{1}{2}$ lakhs.
- (2) The annual Schedule expenditure of the year must not exceed the total sum provided in the budget for Schedule measures, i.e., savings in ordinary expenditure cannot in any case be employed in increasing the Schedule provision.
- (3) The Government of India cannot, without the approval of the Secretary of State, make use of expected Schedule lapses in his home budget for the more rapid prosecution of Schedule measures in India: and, on the other hand, if the Secretary of State expects an excess in the Schedule portion of his budget, the Government of India have in practice to set aside the requisite funds in the Schedule portion of their budget.
- (4) When a large allotment has been made for a scheme of special military importance and urgency (e.g., Artillery reararmament), it must in practice be strictly reserved for that scheme as long as it is not certainly known that the money cannot be spent.

4. The system as it stands to-day has been gradually evolved from the original starting point in 1892, when the first attempt was made to define a procedure for the collective examination of new proposals for new military expenditure. There have been many changes since in the methods :—

- (a) of deciding what measures should be treated as Schedule measures,
- (b) of dealing with the recurring expenditure entailed by such measures,
- (c) of regulating the annual provision for such measures, and
- (d) of keeping an account of the expenditure entailed by them.

5. Point (a) has already been briefly noticed (*vide* marginal note against paragraph 1 above), and further details are not perhaps required. The changes

in practice have not been such as materially to affect any figures given in this Memorandum Point (b) is a complicated and technical matter which can be most conveniently elucidated by an illustrative example.

Let it be supposed that a measure is taken in hand which entails an extra charge of £100,000 initial and £10,000 recurring, and is completed in three years. The present (and also the original) practice is to treat the resultant expenditure as follows :—

1st year—Expenditure £40,000 initial and £2,000 recurring. All treated as Schedule.

2nd year—Expenditure £40,000 initial, and recurring increased to £5,000. The £40,000 initial and the increase of £3,000 recurring are treated as Schedule expenditure of that year, while the past recurring expenditure of £2,000 is treated as Ordinary.

3rd year—Expenditure £20,000 initial, and recurring increased to £10,000. The £20,000 initial and the increase of £5,000 recurring are treated as Schedule expenditure of that year, and the recurring expenditure of £5,000 attained by the end of the second year is treated as Ordinary.

4th year—The measure having been completed by the end of the third year, the entire recurring expenditure of £10,000 is treated as Ordinary in the 4th year, and thereafter in perpetuity.

Thus the annual Schedule allotments now provide for new expenditure only, while all recurring expenditure already attained falls at once into the ordinary estimates. The annual Schedule in fact purports, under the present system, only to show the rate at which the Army is going ahead at a given moment.

6. A variant of this system, introduced when a Special Grant was first given for the prosecution of Lord Kitchener's schemes and since abandoned, had a somewhat different object, *i.e.*, to show, as regards recurring outlay, the entire progress made from some given starting point in the past. Under that system, recurring expenditure, once included in a Schedule, remained there permanently, *e.g.*, in the illustrative case supposed, the annual Schedule provision for the measure would have been :—

				Initial.		Recurring.
					£	£
First year	40,000	2,000
Second year	40,000	5,000
Third year	20,000	10,000
Fourth and subsequent years		10,000

This system possessed advantages from certain points of view. Its retention would, for example, have much facilitated the calculations in this Memorandum as it involved the maintenance of an authoritative progressive record, brought up to date every year, of the whole cumulative addition to permanent expenditure, direct and indirect, which the undertaking of special measures involves. It was open, however, to two objections. (1) It made the Schedule unwieldy, and less suited to its original purpose of focussing attention on new commitments. (2) As years went on, it meant that a very large nominal grant had

to be given in order to provide for a relatively small amount of new expenditure—an arrangement which was very liable to create the mistaken impression that the new expenditure contemplated was still on the scale indicated by the magnitude of the nominal grant. For example when Lord Kitchener's schemes were first taken up, the fixed Special Grant of £2,167,000 (Rs. 3½ crores), which the Government of India proposed to give annually, implied a provision for the same amount of new expenditure. The same grant to-day, had the system remained in force, would have provided for only about £ $\frac{3}{4}$ million of new expenditure, as the recurring expenditure attained since 1904-05, namely £1,430,000, would have been a first charge on the nominal Schedule provision of the year.

7. Continuing the description of the existing system of dealing with recurring expenditure, it is to be noted that cases also arise (differing from the illustration already given) where the full cost of a measure has not been attained at the time when it is first administratively completed. For example, if a large number of officers are added to the Army in the course of two or three years, nothing further remains to be done administratively, and under the present system the measure is treated as completed, and disappears from the Schedule. Its cost to Government will, however, go on increasing thereafter as the survivors among the added officers attain the higher ranks. It has been calculated, for example, that the recurring expenditure which the military estimates are now bearing as the result of "reorganization" measures undertaken between 1904-05 and 1912-13 is still £71,000 below its ultimate maximum, of which £60,000 appertains to the measure for the addition of 350 officers. There is a similar liability calculated to amount to £125,000, in respect of non-reorganization measures undertaken in the same period; and in the case of measures undertaken between 1898-99 to 1904-05, which also included large additions of officers, there is an estimated future liability of £130,000 per annum. All such calculations involve very complex considerations, but there is no question of the future liability being a large one.

8. In the figures given in Lines IV and V of Statement No. 1, all the totals have been recast for purposes of comparison on a uniform basis so far as the question of recurring expenditure is concerned. Lines IV(a) and V(a) show the initial expenditure of each year. Lines IV(b) and V(b) show the increment of new recurring expenditure attained for the first time each year: and the total of (a) and (b) in any particular year represents what would now be described as the total Schedule expenditure of that year. Lines IV(c) and V(c) trace out the ultimate cumulative effect on the permanent expenditure of the Schedule operations from the starting point taken in each case—1898-99 in one and 1904-05 in the other. They include also any subsequent automatic growth of expenditure which has already accrued in the manner just described.

9. Next as regards the regulation of the annual provision for Schedule expenditure [clause (c) of paragraph 4 above]. Prior to the period of active reorganization which began from 1900-01, the Schedule had been in the main a list, prepared for consideration in the budget season, of measures which had been under examination during the year and had received administrative approval. The magnitude of the list offered for acceptance was limited at the outset by financial conditions which were known to be totally unfavourable, and, as far as is now known, no convention or understanding had been reached as to the normal annual provision. Between 1895-96 and 1899-1900 it is believed to have averaged about £231,000 [see Appendix No. 3]. Presumably these very restricted amounts were practically fully spent.

Between 1900-01 and 1904-05 funds became available on an ample scale, partly through an improvement of revenue which enabled the grants in the yearly budgets to be fixed at a high figure, and partly owing to war savings from which substantial additional grants were made in the course of the year. From 1904-05 onwards the system of a fixed provision, or "Special Grant" (intended, as stated in paragraph 6 above, to stand at £2½ millions), was introduced in connection with the acceptance of the Reorganization and Redistribution schemes.

A further incident of the new arrangements then introduced was the regrant of lapsed Schedule provision from year to year, a maximum of £333,000 (Rs. 50 lakhs) in any one year for such regrants being eventually laid down.

But, as explained in paragraph 6 above, the system under which recurring expenditure previously attained was made a first charge on the fixed grant implied an annually diminishing provision for new expenditure. Ultimately, as mentioned in paragraph 5 of the Memorandum, where these changes have already been summarised, the Special Grant was reduced by £ $\frac{1}{2}$ million in 1907-08 under the orders of the Secretary of State; in 1908-09 the regrant of lapses was discontinued; and with effect from 1909-10 the system of a fixed or Special Grant was discontinued altogether. It should be added that under both the systems in force since 1900-01 the lapses were throughout very heavy.

10. Since the Special Grant was abolished, there has been no definite system of regulating the amount of the military Schedule. The question is closely connected with that of the amount of the military budget as a whole, and requires fuller treatment than can be given here. But, briefly :—

- (1) It was well understood that the abandonment of the Special Grant would involve a much reduced annual provision for new Schedule expenditure, and in the past four years the budget provision has averaged only £ 489,536 as compared with £1,104,667 which was allotted for new expenditure in the last year (1908-09) before the abandonment of the Special Grant.
- (2) The tendency has been in these years to fix the military budget as a whole at some more or less arbitrary amount, or at any rate an amount not determined with direct and evident reference to special military requirements, the sum available for Schedule measures being thus a fortuitous amount, representing the difference between the arbitrary aggregate and the total sum which was eventually determined by the successive processes of ordinary budget estimating to be required for the established expenditure of the army.

When, however, the budget total is thus described as more or less arbitrarily fixed, and the Schedule provision as a secondary and somewhat fortuitous figure, it is not necessarily implied that the allotment for Schedule measures has proved in practice to be totally out of relation to military requirements. The point is not suited for discussion here. But it may be remarked that the sum available for the Schedule has frequently proved somewhat larger than was sometimes anticipated when the budget arrangements of each year first came under discussion; that further room for new requirements has been found by retarded progress with the Reorganisation and Redistribution schemes; and that certain new requirements of considerable magnitude (*e.g.*, hutting, rifles, and artillery rearment) have in fact been provided for on a substantial scale.

11. In closing this account of the varying methods of regulating the provision for Schedule expenditure, attention may be called to Statement No. 6 (A) which shows the annual provision each year from 1898-99 onwards, and the estimated actual expenditure in those years in which it is approximately known. The figures are all on the same basis, *i.e.*, they indicate throughout the provision, or actuals, for new expenditure only. The statement brings out clearly the magnitude of the operations just before and just after 1904-05, the rapid falling off in the extent to which provision was made for new expenditure even before the Special Grant was abandoned, and the substantial further reduction effected after that change was made. It also illustrates the large lapses in most of the years of full provision, and the improvement in this respect in 1909-10 and 1910-11, when the annual Schedule allotment was reduced to a more normal standard. The falling back in 1911-12 was due to somewhat special causes.

12. The last of the subjects mentioned in paragraph 4 above [clause (d)] was the system of Schedule accounts. As already stated in the Memorandum, no accounts were kept of the actual Schedule expenditure prior to 1904-05. In 1904-05 the aggregate provision for Schedule measures was made up as follows :—

- (a) Rs. 75 lakhs provided in the original budget for artillery rearment.

- (b) Rs. 224 $\frac{3}{4}$ lakhs provided in the original budget for other Schedule measures proposed or in progress prior to the acceptance of Lord Kitchener's schemes.
- (c) An extra grant of Rs. 10 $\frac{1}{4}$ lakhs provided from war savings.
- (d) An extra grant of Rs. 155 $\frac{3}{4}$ lakhs allotted specifically for the prosecution of Lord Kitchener's schemes.

As regards (b) and (c), no accounts have been kept, the expenditure against these grants being treated as belonging to the old Schedule system.

As regards (a) and (d), special accounts were kept of the actual expenditure incurred; grant (d) being treated as the starting point in the execution of Lord Kitchener's reforms, while the Secretary of State subsequently directed that grant (a) should be handled in the same way. This is why it is usual to speak of no accounts being kept *up* to 1904-05 inclusive, and also to speak of accounts being kept *from* 1904-05 inclusive. For the same reason, in line IV(a) of Statement No. 1, a blank has to be left under the year 1904-05, while in line V(a) of the same statement a figure can be entered for that year.

13. The duty of determining the actual Schedule expenditure under the system adopted in 1904-05 was imposed upon the Accounts Department, a special head, "Reorganization," being opened for that purpose. This system was continued in 1905-06. The full Schedule expenditure was not, however, brought to account under this new head, and it has been necessary, in re-examining the figures, to add to the "Reorganization" total for that year.

It was soon found in any case that it was impracticable for the accounts authorities, working under a system under which expenditure is distributed by grants, to keep a technically correct account of expenditure by measures, and the "Reorganization" head was discontinued from 1906-07 onwards. Since that date the maintenance of the account of Schedule expenditure has been in the hands of the Finance Secretariat, assisted, as far as possible, by the administrative and account authorities.

14. A further point requiring mention is that though an account of the yearly expenditure on each measure is now maintained with as much accuracy as is practicable, it has not been the practice to allocate it to the grant heads to which it belongs; and though such a distribution by grant heads can be attempted, this sub-division between several different grants opens up the possibility of a larger proportionate error than when the year's figure for each measure is reviewed as a whole. In any case such a distribution cannot be begun before 1907-08, as the whole system of classifying military accounts was changed with effect from that year. If, however, the resulting figures are accepted with the proper reserve, there is some advantage in an even approximate allocation, as this enables the ordinary, *i.e.*, non-Schedule, expenditure also to be shown by grant heads, and so facilitates explanation of the course which it has taken. This has accordingly been attempted in Statement No. 8 where the figures for non-Schedule expenditure are given by grant heads from 1907-08 to 1912-13 inclusive. It follows from what has been said that the variations between any two successive years ought not to be too closely pressed. But, as between the first and the last year of the period, any error which may have crept in ought not to be so material as to deprive the figures of all substantial value.

15. These explanations will elucidate the following brief remarks as to the validity of the various figures.

(1) Schedule expenditure of 1898-99.

A starting point has to be obtained for the comparisons in this Memorandum. The choice lies between the years 1898-99 and 1899-1900. As regards Schedule expenditure, the two years are on the same footing, in that no account was kept in either. There were, however, large war savings in 1899-1900 (estimated at £177,000 as compared with £45,000 in 1898-99), and some uncertainty attaches to such estimates. It is considered better, therefore,

to take the year 1898-99 as the starting point, especially as in that year the Schedule provision was low and largely confined to Military Works, and no substantial inaccuracy is involved in the assumption which must necessarily be made that the budget provision was fully spent.*

(b) Initial Schedule expenditure, 1899-1900 to 1903-04 and also in 1904-05.

The actual provision for Schedule expenditure amounted in some of these years to as much as £1½ millions a year. No record of actual expenditure was kept, and considerable lapses are believed to have occurred. The extent of the lapses is so completely uncertain that it is considered inadvisable to insert in the main statement† even a conjectural figure, and this part of the statement has been left blank. Similarly as regards the grants of Rs. 224½ lakhs and 10½ lakhs in 1904-05, the treatment of which has been explained in paragraph 12 above. It thus follows that no figure can be obtained for "ordinary expenditure" in those years, and that a direct comparison must be made eventually between the ordinary expenditure of 1898-99 and the ordinary expenditure of 1905-06.

(c) Recurring Schedule expenditure, 1899-1900 to 1904-05.

The absence of accounts of recurring expenditure in this period is less embarrassing, as the measures undertaken can still be traced for the most part and their recurring cost worked out. Moreover, it is important to be able to form some idea as to the extent to which the reorganization activity for some years prior to 1904-05 permanently affected the military expenditure, and to compare it with the recurring additions since made. A renewed examination of the facts of the period has therefore been made: and though the figures given are necessarily based to a large extent on personal knowledge available within the Secretariat, the results are believed to possess considerable value. They point strongly, for example, to the conclusion that the permanent addition to expenditure resulting from reorganization in the seven years ending with 1904-05 was much higher than has previously been supposed. The simultaneous rise in ordinary expenditure, which would otherwise have been difficult to explain or justify, is thus very greatly reduced. And the course of expenditure subsequent to 1904-05 is also elucidated.

(d) Schedule expenditure (initial and recurring), 1904-05 to 1912-13.

The figures for expenditure under the new Schedule system can, it is believed, be given with a reasonable approximation to accuracy. It should, however, be brought prominently to notice, as regards all the Schedule figures now presented, that they are as a whole the result of a complete re-examination of the entire subject, and vary to some extent from previous official estimates and approximations, particularly as regards the amount of permanent expenditure entailed by Schedule measures undertaken prior to 1904-1905.

16. In view of the special difficulties which attach to the figures prior to 1905-06, it has been thought convenient to supplement the main statement (No. 1) by an additional statement (No. 2) on the same lines, but starting from 1905-06 only, and therefore taking no account of transactions prior to that date. This modified statement is in any case required with a view to the allocation of Schedule and Ordinary expenditure by grant heads, as it would be impossible to allocate the earlier Schedule expenditure in this way.

* There was also some Schedule expenditure not provided for in the budget, so that while the year's provision has been taken at £201,000 the actuals have been taken at £211,000 [See Statement No. 6(A)].

† Statement No. 1.

APPENDIX No. 2.

NOTE ON ITEMS OF EXPENDITURE ADOPTED BY INDIA AT THE INSTANCE OF THE IMPERIAL GOVERNMENT [LINE VIII—STATEMENT NO. 1].

1. Messing allowance at 3*d* a day for each British soldier, partially counterbalanced by the substitution of a gratuity of £1 for the deferred pay of £3 for each year of service previously drawn on discharge, was granted in the Home Service and was adopted in India from the 1st June 1898, at an estimated extra charge of £160,000 a year. The payments in 1898-99 were proportionate, allowing for the men who did not accept the new terms, but from 1899-1900 to 1901-02 inclusive, owing to the South African and China wars, the British forces in India were below established strength, men were required or induced to serve longer and payments of deferred pay were restricted. The extra expenditure was therefore relatively low in those years.

2. In 1902-03 the Imperial Government decided to bear the cost of the underclothing of British soldiers by giving on this account an allowance of 2*d* a day, and this was followed in India from the 1st April 1902, involving an extra eventual charge of £207,000 a year. In the same year the Imperial Government decided that layers of artillery guns should be specially remunerated, and the adoption of this decision in India involved an extra charge of £3,000 a year. Further, the conclusion of the South African War, and the release of a large number of British soldiers from their extended engagements, led to the payment of an abnormal amount of deferred pay in that year.

3. In 1903-04 higher rates of pay were granted in India to officers of the Royal Army Medical Corps (£27,000), as a consequence of similar action in England, but the unusually heavy payments of deferred pay in the previous year led to the gross charge exhibited for 1903-04 in line VIII of Statement No. 1 being lower than in 1902-03.

4. From the 1st April 1904 the Home Government decided to increase the pay of the British soldier on two counts (1) proficiency, (2) service, by the grant of Service pay varying from 4*d* to 7*d* a day, good conduct pay and prizes for skill at arms being withdrawn, and this was adopted in India, the extra cost being £467,000 a year. In 1905-06 the pay of Veterinary officers had to be increased, in consequence of similar action taken in England, at an extra cost of £4,000 a year. In 1907-08 it was decided that Proficiency pay at 3*d* to 6*d* a day should be substituted for the Service pay of 4*d* to 7*d*, and withdrawn from those receiving working pay continuously, in the case of all British soldiers joining or extending their service in the Army thereafter, a modification which will eventually reduce the charge under this head by about £117,000 a year. In 1908-09 the artillery gunlayers pay, introduced in 1902-03, was abolished at a saving of £3,000 annually. The effect of the substitution of the less expensive Proficiency pay for Service pay is reflected in the lower payments from 1908-09. It is expected that after 1912-13 a further but gradual reduction of about £15,000 will occur.

APPENDIX NO. 3.

STANDARD OF ORDINARY EXPENDITURE ATTAINED IN 1898-99 AND 1905-06.

It is desirable to glance, however briefly, at the question whether the figures obtained in Statement No. 1 for " Ordinary expenditure " in 1898-99 and 1905-6 represent a normal standard of outlay for those dates. In the case of the year 1898-99 the question is one of some difficulty : and a full enquiry would in effect be equivalent to extending considerably the period covered by this review. Except as regards 1899-1900, no help can be obtained from the years immediately succeeding 1898-99 owing to the difficulty of dealing with Schedule expenditure. In the preceding years also the actual Schedule expenditure is not known, but the amounts were not large, and approximate figures will be helpful. A further complication is the important element of loss by exchange. There can be little doubt, too, that the Frontier Operations and the famine of 1897-98 led, both automatically and by intention, to a considerable reduction* of ordinary expenditure in that year, while the absence of troops in South Africa may have affected the figures of 1899-1900 to a greater extent than the calculations of war savings have assumed.

2. With these explanations, the following comparison is offered. It follows, *mutatis mutandis*, the same lines as Statement No. 1 of this Memorandum :—

	1895-96.	1896-97.	1897-98.	1898-99.	1899-1900.
	£	£	£	£	£
Net Military expenditure <i>less special services plus war savings.</i>	15,460,000	15,989,000	15,656,000	15,513,000	15,485,000
<i>Deduct—</i>					
(1) Food charges (old classification).	1,086,000	1,398,000	1,502,000	1,164,000	1,198,000
(2) New schedule expenditure.†	234,000	206,000	165,000	211,000	388,000
(3) Increase of pay of Indian Army.	120,000	200,000	200,000	200,000	200,000
(4) Messing allowance for British Soldiers.	...	...	...	127,000	96,000
(5) Army non-effective charges (net), exclusive of food charges.	2,826,000	2,879,000	2,929,000	2,947,000	2,940,000
(6) Loss by exchange (calculated with reference to a standard of 1s 4d).	511,000	406,000	218,000	85,000	...
Balance ...	10,683,000	10,905,000	10,642,000	10,779,000	10,713,000
<i>Deduct—</i>					
(a) Home stores‡ ...	546,000	572,000	552,000	577,000	557,000
(b) Local stores‡ ...	406,000	539,000	436,000	408,000	437,000
Balance ...	9,731,000	9,794,000	9,654,000	9,794,000	9,719,000

* Any such saving is not taken into account under the head " War Savings " which, as used in this Memorandum, refers exclusively to savings obtained by the loan of troops, stores, etc., to the Home Government for employment out of India. Such savings should no doubt be reflected in the figure for Special Services which is designed to take account only of net extra expenditure caused by field operations in India. But it is difficult, by the ordinary accounts methods, to trace the full indirect effect of the absence of a very large body of troops on field service.

† The calculation of new Schedule expenditure is necessarily rough, and assumes that measures approved for execution in any year were duly carried out in that year. It also assumes a steady expenditure on ordinary Military Works (Rs. 95 lakhs a year), the balance being treated as Schedule (see paragraph 49 of the Memorandum).

‡ Excluding stores for Military Works and Special Defences.

§ Includes £ 100,000 spent in part payment for the Royal Indian Marine Steamer " Hardinge."

3. Referring to the last line, it will be seen that the actual figure for 1898-99 is reasonably supported by the actuals attained in 1895-96 and 1896-97, the figure for 1897-98 being undoubtedly abnormally low, and possibly that for 1898-99 also. It will also be seen that the average expenditure on stores in the five years, excluding the payment of £100,000 for the Royal Indian Marine Steamer "Hardinge" which should have been regarded as a Schedule measure, was £986,000 per annum which may be treated as identical with the figure for 1898-99 (£985,000). It appears, therefore, that the soundest procedure will be to take the figure for ordinary expenditure for 1898-99, already obtained in line XIII of Statement No. I, exactly as it stands, as representing the normal standard of expenditure at that date.

4. The analysis of the ordinary figure for 1905-06 also presents considerable difficulty. In this case the comparison will be with the three following years, 1906-07 to 1908-09, which, as regards ordinary expenditure, were of a generally similar character, as it was not till 1909-10 that the period of reduced budgets began. In the case of 1905-6, however, it is known that the Stores purchases were on an altogether abnormal scale [see Statement No. 10(B) and Appendix No. 5], and the same is true of the three succeeding years. It will be necessary, therefore, to allow for this. The expenditure of the four years is also materially affected by the increasing operation of Lord Kitchener's savings. Again in three of the four years there were marked differences between actual and authorised strength. Finally, the home figures were very disturbed by adjustments and by the transactions relating to the Colonial regiments. The following table shows the effect of these factors :—

	1905-06.	1906-07.	1907-08.	1908-09.
	£	£	£	£
Ordinary expenditure as in line XIII of Statement No. 1.	14,415,000	14,408,000	14,348,000	14,206,000
<i>Deduct</i> —Ordinary stores [see Statement No. 10(B)].	1,384,000	1,307,000	1,215,000	1,145,000
Total ...	13,031,000	13,101,000	13,133,000	13,061,000
Restore normal standard for ordinary stores (see Appendix No. 5, paragraph 14).	+985,000	+985,000	+985,000	+985,000
<i>Add</i> —Colonial regiments capitation receipt	+175,000	+95,000	+103,000	+46,000
<i>Add</i> —Home Clothing, Ordnance, and other receipts	+85,000	+117,000	+43,000	+38,000
Restore Lord Kitchener's savings (see Statement No. 14).	+26,000	+33,000	+98,000	+206,000
<i>Deduct</i> —Payments to War Office for British troops serving in India	-566,000	-649,000	-627,000	-622,000
Adjust for excess or short strength ...	-41,000	-31,000	+7,000	+47,000
Total ..	13,695,000	13,651,000	13,742,000	13,761,000

5. The remaining expenditure of 1906-07 is somewhat low. But on a consideration of the run of the figures in the last line it would appear that the ordinary figure for 1905-06 may be treated as fairly normal, apart from the factors eliminated in the foregoing table. To obtain a standard for 1905-06 on this basis, the figure for ordinary expenditure, as in line XIII of Statement No 1, should therefore first be taken and the following adjustments made. (a) Deduct £399,000 for excess stores. (b) Deduct £41,000 as a correction for excess strength. (c) Add £50,000 as a correction for short payments to the War Office owing to an exceptional refund of overpayments made in 1903-04. (d) Add £35,000 on account of the specially high receipt from the newly established Colonial capitation* rate. (e) Add £32,000 in view of the specially high receipt under the Miscellaneous* head. The standard of 1905-06 will therefore be £14,102,000. The great bulk of the difference between the adjusted figure and the actuals (£14,415,000) will be seen at once to be due to the substitution of a normal standard for store purchases

* Both these figures are extremely fluctuating. The allowance proposed for excess in each case is moderate.

APPENDIX No. 4.

STANDARD OF EXPENDITURE ATTAINED IN 1912-13.

In the case of the year 1912-13 it is necessary, while still avoiding over-refinement, to investigate somewhat more closely the normality of the figure obtained in Statement No. 1 for " Ordinary expenditure." The budget figure for 1912-13 is unquestionably abnormal, and the reasons why a reduced provision was possible are of a perfectly definite character. To ignore them would involve an exaggeration of the reduction of expenditure obtained in recent years, and would also mislead the Committee who are concerned to know the true starting point from which any economies recommended by them will take effect. On the latter ground it is desirable to consider some of the special heads as well (*e.g.*, Food charges, Schedule, etc.). But in the first instance the ordinary expenditure only (line XIII of Statement No. 1) will be dealt with, in order to obtain a standard for comparison with those adopted for 1898-99 and 1905-06 (*vide* Appendix No. 3).

2. It is necessary first to deal with the special economies enumerated and classified in Statement No. 15 for which full or partial provision was made in the budget. It will be seen on a reference to this statement that these economies fall into three classes (*a*), (*b*) and (*c*). Those in class (*c*), totalling £59,000, have a purely temporary effect and future budgets will, *caeteris paribus*, be larger by this amount. Then, again, the measures in class (*b*) for which the budget took credit to the extent of £44,000, are not fully sanctioned, as the systematic use of Royal Indian Marine vessels for home trooping was opposed by the Marine Committee and has hitherto been opposed by the Secretary of State; and the reduction of transport registration officers is not yet supported by any accepted scheme for dealing with the problem of transport registration, and in any case is but an incident of the larger question of the proper establishment of Indian Army officers as a whole, which will presumably be considered by the Committee. For the present, therefore, these economies can only be regarded as on the footing of temporary avoidances of expenditure, which should be restored in calculating the standard of expenditure to which the Government are committed under existing normal conditions.

3. In addition to these items, an extraordinary receipt, which may be put at £33,000, is expected in the current year from the sale of surplus stocks of clothing resulting from admitted overstocking in past years (*vide* Appendix No. 5). This should be eliminated in calculating a normal standard.

4. Next as regards Stores expenditure. Owing to advance purchases made at the end of 1911-12, the budget of the current year was relieved of £86,000 of expenditure for which provision must otherwise have been made in ordinary course. The total provision for non-Schedule stores (£ 833,000) would thus have been raised to £919,000. But, as explained in Appendix No. 5, the regular standard of non-Schedule store expenditure is now believed to be about £985,000 a year: and the whole of this difference should be restored. In respect of stores therefore the budget may be assumed to be £152,000 below normal.

5. Next as regards the relation in 1912-13 between sanctioned and authorised strength of men and animals. This was practically normal; if anything the tendency is to excess. But the amount involved is negligible and no change is required on this account.

6. Thus the " Ordinary expenditure " of 1912-13 as obtained in Statement No. 1, namely £13,603,000, should be taken as £288,000 in all below the normal, *i.e.*, the standard to be adopted for that year should be £13,891,000.

7. As already stated, it is desirable, in the case of this year, to deal with some of the special heads as well as with the ordinary expenditure. This

question has, however, already been noticed in some cases in the text of the Memorandum, and need only be briefly examined here.

- (1) *Special Services.*—It seems better to exclude this head altogether in any calculation of normal standards. Some appreciable expenditure on this account is, however, of practically annual occurrence. Omitting the figures for 1898-99, 1903-04, 1904-05 and 1911-12, in all of which years special service expenditure was on an unusually heavy scale, the average for the remaining eleven years since 1898-99 works out to £197,000. On this basis the figure of 1912-13 is practically normal.
- (2) *War savings.*—The standard to be adopted under this head should be nil, i.e., the budget of 1912-13 should be regarded as being £77,000 below normal in this respect (*vide* paragraph 11 of the Memorandum).
- (3) *Food, forage and grass farm charges.*—As explained in paragraph 15 of the Memorandum, the budget figure may be considered to be practically normal.
- (4) *Annual Schedule provision.*—The question of a normal standard of Schedule expenditure has been dealt with in paragraphs 25-26 of the Memorandum. It is there pointed out that the average outlay on ordinary Schedule measures, costing less than £100,000 each, from 1905-06 to 1912-13 has been £228,000 a year. The budget of 1912-13 only provides £136,000 on this account, having been specially reduced in much the same way as the Military Works ordinary grant. This experience of eight years would probably, therefore, suggest a standard, in round figures, of Rs. 35 lakhs or £233,000, in which case the budget of 1912-13 must be regarded as being £97,000 below normal in respect of minor Schedule measures. There is no doubt, in fact, that some increase of the budget figure must be expected in future years, for the claim that a special reduction was made does not rest so much upon a comparison with some theoretical standard worked out subsequently, as on the fact that those who recommended the lower figure were obliged to eliminate measures which, but for the postulate of financial stringency, must have been strongly pressed. It may also be remarked that a standard which is based strictly on recent past *actuals* may prove somewhat restricted as a measure of *budget provision*, seeing that various features of the Schedule procedure constantly tend to the occurrence of lapses on a larger or smaller scale (*vide* paragraph 3 of Appendix No. 1). Next as regards important measures. The extent to which the budget of 1912-13 makes provision for such measures is clearly indicated in Statement No. 6 (D). They may be considered one by one :—
 - (a) *Reorganization and Redistribution.*—The provision of about £45,000 for these schemes still leaves over £500,000 of expenditure remaining for completion. In the absence of any modification of what is now the accepted policy, this rate of provision can hardly therefore be reduced. It would seem more likely to increase.
 - (b) *Rearmament of artillery.*—This scheme costs over £700,000, against which £41,000 were spent in 1911-12 and £150,000 have been provided in 1912-13. A lower rate of annual provision can hardly be anticipated, and even so, by the time this measure is completed, it is expected by the military authorities that the introduction of a new rifle will be already in hand.
 - (c) *Purchase of short rifles.*—The budget of 1912-13 provides £79,000 for this measure, and, on a re-examination of requirements, the Government of India have since asked the Secretary of State to agree to an additional expenditure of £280,000 in the current year. This is expected to complete the rearmament

with the present rifle, so that for three or four years (pending the introduction of the new rifle) some reduction might be feasible. On the other hand, with so expensive a measure as rifle rearmament impending in the near future, it may be considered desirable to accelerate progress in the meantime with other important work on hand, and get it out of the way.

- (d) *Reconstruction of the lines of Indian troops.*—The budget of 1912-13 provides £86,700 for this measure,—a rate of annual provision which is rapidly becoming stereotyped, and is certainly not likely to be reduced.

On the whole, though no uniform standard can be suggested for the larger Schedule measures, the incidence of which may vary enormously from year to year, there seems little reason to anticipate any appreciable reduction of the present allotment, and a few years hence it must almost certainly be increased.

- (5) *Recurring expenditure entailed by Schedule measures*—The recurring expenditure entailed by the earlier Schedule measures is shown in line IV(c) of Statement No. 1 as having reached a maximum of £871,000 per annum in 1906-07, since gradually reduced to £810,000 in 1912-13. This reduction is the result of definite economies, and the existing figure is normal for the period. The figure itself is one which will ultimately increase (*vide* paragraph 21 of the Memorandum). Similarly as regards the figure £1,430,000 representing the recurring expenditure attained as a result of Schedule measures undertaken since 1904-05. This figure represents the standard actually attained at the present date, but it too will ultimately increase.

- (6) *Proficiency pay and other charges adopted at the instance of the Home Government.*—As explained in paragraph 30 of the Memorandum, this figure is normal at present, though some very slight further reduction may be anticipated.

- (7) *Net transfers from the Civil estimates.*—The figure for 1912-13 is normal.

- (8) *Growth of non-effective charges.*—As explained in paragraph 32 of the Memorandum, the charge on this account is probably rising, but the figure for 1912-13 is normal for that period.

8. The main conclusions regarding the normality or otherwise of the budget of 1912-13 may thus be summed up as follows:—

- (1) As regards Special Services, no normal standard is obtainable.
- (2) As regards the larger Schedule measures, no normal standard is obtainable; but the budget grant of the current year is not likely to be appreciably reduced at an early date.
- (3) The budget is in other respects below normal to the following extent:—

Ordinary expenditure	...	...	...	£288,000
War savings	...	...	...	£77,000
Schedule expenditure	...	...	...	£97,000
		Total	...	£462,000

APPENDIX No. 5.

NON-SCHEDULE STORES EXPENDITURE.

The figures for ordinary Stores expenditure in 1898-99 and from 1905-06 onwards are shown in Statement No. 10(B), and those of some earlier years have been given incidentally in Appendix No. 3. The fluctuations in the Stores expenditure constitute one of the most disturbing factors in the military estimates, and also one of the most obscure; and the conclusions stated below are provisional, and subject to correction by the results of more detailed investigation.

2. As shown in paragraph 2 of Appendix No. 3, the Stores figures for the five years ending 1899-1900 were on the whole fairly regular, the average annual expenditure being £986,000*. For the years 1900-01 to 1904-05 inclusive the Schedule and ordinary figures are not distinguishable, and no details of that period can be presented. It can only be stated that the aggregate expenditure was high, partly on account of the high Schedule expenditure, and partly because the Government of India were supplying stores to China and to South Africa and replacing them at the debit of the Army estimates while the corresponding credits from the Home Government appeared as Receipts. The totals of non-Schedule expenditure from 1905-06 onwards are reproduced for convenience below :—

	£		£
1905-06	... ... 1,384,000	1909-10	... ... 909,000
1906-07	... ... 1,307,000	1910-11	... ... 837,000
1907-08	... ... 1,215,000	1911-12	... ... 889,000
1908-09	... ... 1,145,000	1912-13	... ... 833,000
<hr/>		<hr/>	
Average	... 1,263,000	Average	... 867,000
<hr/>		<hr/>	

The sudden fall of 32 per cent in average expenditure is very striking and is suggestive of substantial changes in administration or in actual requirements; and there is indeed a definite association between the lower figures of the last few years and the special administrative and financial history of the period. As mentioned in paragraph 7 of the Memorandum, Lord Kitchener restricted expenditure at the close of 1908-09, and this was at once followed by a succession of budgets curtailed to what was thought to be a minimum. It was about this time too that the late Director-General of Ordnance began to reduce his working stocks, the effect of this being more clearly seen when the expenditure on advance purchases is restored to the year on account of which the supplies were obtained [*vide* the last three lines of Statement No. 10 (B)]. These facts do not, however, explain why the supply departments have actually found it possible for so long to maintain a reduction of practically £400,000 a year on the previous average, and it will be better at once to proceed to examine the figures for each department separately. The departments concerned are Ordnance, Clothing, Medical, Supply and Transport, and Marine. The Military Works stores are omitted for various reasons, one of which is that, as they are financed from what is practically a contract grant, they have little significance considered by themselves.

ORDNANCE.

3. The expenditure on Ordnance stores in 1898-99 and the average annual expenditure from 1895-96 to 1899-1900 inclusive was £508,000. For the eight years 1905-06 to 1912-13 the average came to £533,000†. No information is available as to the course of arsenal stocks in this period. In the case of factories the value of stocks in hand on the 31st March 1904 stood at about Rs. 177 lakhs; by 1906-07 this figure had been rapidly raised to Rs. 281 lakhs; finally by the end of 1910-11 the reduction of stocks carried out by the late Director-General of Ordnance had produced its full effect, and the stocks in hand were then valued at Rs. 217 lakhs, a sum which is believed to be a practical minimum, and likely therefore to be still holding good. On the whole there was a net increase of £271,000 in stocks in hand, *i.e.*, on an average £45,000

* Excluding £100,000 spent in part payment for the R. I. M. S. *Hardinge* in 1899-1900.

† Namely £672,000 in the first four years and £394,000 in the last four.

of the stores obtained were used each year in raising the stocks in hand, and the total average consumption must be taken at £533,000—£45,000=£488,000 per annum. A further consideration is that in the same period a certain amount of overstocking occurred in some articles and sales have been exceptionally heavy, the average sales in the eight years from 1905-06 onwards having exceeded those in the seven preceding years by £43,000 per annum. The character of this increase has not yet been fully analysed. Probably, to a large extent, it is permanent, or quasi-permanent, representing an increase of legitimate sales and a correspondingly increased store provision, or better prices obtained from metals such as the "old brass" from used cartridge cases or the cupro-nickel envelopes of the rifle bullets, the sale proceeds of which are an increasingly substantial asset. To some extent too, the sales of recent years represent the clearing out of obsolete machinery and material, this being largely due to the closing of the Gun and Carriage Factories in Bombay and Madras and of the Harness and Saddlery works at Perambur. It is only where, owing to overstocking, supplies deteriorate or become obsolete, and consequently have to be sold that enhanced sale proceeds are significant from the present point of view. Such sales have occurred in the case of leather. Making a moderate allowance on this account, the standard of Ordnance requirements, as indicated so far, would seem to be in the neighbourhood of £480,000 a year.

4. This general line of reasoning would, however, be vitiated if special reasons had existed for the exceptionally heavy purchases of the first two or three years period. It would not then be safe to take an average. But the Finance Department have been supplied, by the courtesy of the Director-General of Ordnance, with particulars of all items of importance in which relatively large fluctuations have occurred, and this information shows that an average figure is appropriate. In 1905-06 purchases were made on so heavy a scale that in a number of cases it was not necessary to replenish the stocks of these articles for some five or six or even seven years afterwards; e.g., in the case of zinc cake £50,000 were spent in 1905-06 and £38,000 in 1906-07, and nothing whatever in the next five years. In the case of walnut* £25,000 were spent in 1905-06, and a total of £34,000 in the next two years, and nothing in the next five. On the item "cases, chargers, .303 inch" nearly £17,000 were spent in 1905-06, while subsequent years' purchases never amounted to £2,000. On certain articles such as copper, lead and tin which are obtainable either at home or in India, £120,000 were spent in 1905-06 and practically the same amount in the following year, against an average of about £50,000 a year in the following six years. In the main these figures must mean irregular indenting, i.e., the laying in of stocks years before they are likely to be consumed; and the practice has since been corrected by the Ordnance authorities on their own initiative.

5. It is also necessary to touch on the question whether there has been any recent important change in the scale of requirements. The Rifle Factory only recently began to turn out the complete rifle, and has not yet attained its full output, so that on the average of the eight-year period under review, the annual outturn of rifles has been insignificant. It is expected that in the next few years it will be doing less conversion work and much more original manufacture, and this must mean some increase of stores charges. The scale of expenditure in recent years will also increase in Cawnpore when normal conditions in regard to leather requirements are resumed. It does not follow, however, that an average based on 8 years is necessarily too low a figure to take. An increase of £15,000 a year is also expected from the recently demonstrated necessity of using a higher percentage of virgin metal in the manufacture of cartridge cases. This, however, belongs rather to the future than to the interpretation of past accounts.

6. The whole question requires further investigation. But it seems clear that the average expenditure, if a fairly long period be taken, is a trustworthy general guide notwithstanding the extraordinary inequalities in the figures of different years: and, provisionally, it would seem reasonable to take a standard of £500,000 as representing the present-day normal annual requirements of the Ordnance Department. This figure includes the value of Ordnance and miscellaneous stores brought out with troops from England, say £25,000 per annum, since this item has been included in all the Ordnance figures on which the foregoing calculations are based.

The Supply Controller was consulted on this question, and arrived at a standard of £500,000, exclusive of stores brought out to India with troops.

* In this case there was a special reason for the heavy purchases: the wood was required for rifle stocks and bought in advance of manufacture in order to be matured.

The Director-General of Ordnance suggested a standard of £520,000, excluding equipment brought by troops, but including the future increase of £15,000 for cartridge cases. Practically, therefore, both officers are agreed on a standard of £525,000, if stores brought by troops be included. The correspondence between the three estimates is thus very close.

7. As already mentioned (paragraph 3) the average Ordnance expenditure about 1898-99 was £508,000, and this may be taken as the standard of that year. It appears therefore that there has been no substantial change in the total of Ordnance requirements since 1898-99, though the composition of this total must have altered materially. In the case of Receipts there has been, as already stated, a rise of from £40,000 to £50,000 per annum, of which, pending further information, some £30,000 may be assumed provisionally to be of a permanent character and unconnected with overstocking or the reduction of establishments. On this basis the net improvement in connection with Ordnance stores will be £38,000 a year.

CLOTHING.

8. In the case of the Clothing Department the period under review covers (a) some years of admittedly heavy overstocking, and (b) a complete change in the system of supplying clothing to units. As regards (a), it need only be stated here that in spite of reductions of later indents and of efforts to utilise available stocks to the full, it was recently reported to Government that some Rs. 20 lakhs worth of surplus stores were in the hands of the Clothing Department, much of which must be sold to prevent absolute loss. As regards (b), what has happened is as follows. Prior to 1905-06, both the British soldier and the Indian soldier received their clothing in kind from the Clothing Department at stated periods, and received money compensation if they were able to prolong the lives of the garments issued for a second term. In 1905-06 the system was introduced of paying the Indian soldier a cash allowance in full acquittance of all obligations in regard to clothing, and leaving him to supply himself. In the case of some garments he was still required to make his purchases from the Clothing Department, but in other cases was allowed an option. What is in effect the same system was extended to British troops with effect from 1909-10. The normal demands on the Clothing Department were thus completely altered and this in itself partly accounts for the overstocking. Another contributory cause was the decision in 1903-04 to maintain reserve stocks of clothing in regimental charge. The final result of the two cash allowance schemes is evidently likely to be a considerable diminution of clothing issues. But the change in regard to British troops was so recent and the effect of past overstocking is still so material that a normal standard of demands has hardly yet established itself. The Supply Controller recently suggested £165,000 as a probable figure. This, however, excluded clothing stores brought out from Home by units. Another calculation arrived at a standard of £150,000, including stores brought out by units (the average value of which in the last three years has been £13,000). The last two years' figures have been about £135,000. Special efforts were made to restrict the indents for 1912-13, and it is known too that surplus stocks were being largely made use of in both years, a relief of about £15,000 being obtained in this way in 1912-13 under four selected items alone. Some increase above the recent figures is therefore indicated, but on the whole it is considered that a standard of £150,000, including stores brought by units, is as high as the actuals of the last four years would justify. The point is one, however, on which caution is required, as an *a priori* calculation of requirements would point to the possibility of reversion to an appreciably higher standard as soon as existing surpluses are worked off.

9. The average Clothing stores expenditure in the five years ending 1899-1900 was £266,000, and the figures were fairly steady. An even higher average obtained for some years both before and after. The figure £266,000 may, therefore, be taken as a fully established standard for the period ending about 1898-99. On this basis there has been a decrease in the value of annual clothing stores requirements by about £116,000,—a difference which is probably due to lower issues under the new clothing allowance schemes, a reduced valuation for stores brought out by units from England resulting from the same change of system, and lower issues of hospital clothing in consequence of the decreased rate of sickness in the British Army.

This reduction of clothing stores requirements must be distinguished from the reduction of net clothing expenditure as a whole. The cash allowance scheme of British troops was not in itself expected to save more than £10,000 a

year, and account has been taken of this economy, and also of two minor savings aggregating £2,700 a year, in the statement of Lord Kitchener's economies. Another £12,000 a year was saved by a general revision of arrangements in the Clothing department in 1904-05, and recurring expenditure to the extent of £1,000 a year has been avoided by the buying out of certain clothing rights in 1905-06. These items, together with the saving of £9,000 a year estimated to result from the reduction of the issues of hospital clothing, aggregate £38,000.

The figures for the earlier years also included, under ordinary clothing charges, payments which would more correctly be treated as appertaining to Special Services expenditure: such expenditure in 1898-99 is understood to have amounted to £23,000. These two factors, namely the previous inclusion of Special Services expenditure and certain definite economies subsequently made, thus account for a decrease in Clothing expenditure to the extent of £61,000.

The actual decrease which has occurred is difficult to determine. Besides changes of system, there have also been numerous changes of classification. Again, in the Home accounts, Clothing receipts are not distinguished from certain other items which sometimes assume importance. There is the usual difficulty in distinguishing the Schedule expenditure of the earlier years. The calculation of the amount of Special Services expenditure included in the earlier figures is also a matter of some uncertainty. And, finally, there is the special uncertainty discussed above as to what is in fact the normal standard of stores requirements to-day.

Collecting the various heads of the accounts which bear on the Clothing question, and making allowance for the considerations above mentioned, the net Clothing expenditure would now appear to be some £70,000 or £80,000 below the standard of 1898-99—a sum which does not widely differ from the decrease above explained.

MEDICAL.

10. The Medical Store Depôts supply, partly by importation and partly by local purchase and manufacture, the whole of the drugs and instruments required by the Army in India, and also have large dealings, on payment, with civil institutions. The sales to the latter are rapidly increasing, so that the net figure alone affords a useful guide to the extent of military requirements, and, indeed, expresses them exactly, except in so far as the true cost is diminished by the profit on sales. The main figures are abstracted below :—

		Home.	India.	TOTAL.
		£	£	£
1895-96 to 1899-1900.				
Average expenditure	23,356
,, receipts	20,842
,, net expenditure	2,514
1905-06 to 1908-09.				
Average expenditure	47,785
,, receipts	30,706
,, net expenditure	17,079
1909-10 to 1912-13.				
Average expenditure	88,195
,, receipts	47,654
,, net expenditure	40,541

11. It will be seen that as regards local drugs, the net cost to the Army has not materially altered over a long series of years : indeed there has been some gain in this respect, as the figures of to-day include £1,000 worth of charges transferred from grant 4 in 1912-13. In the case of home stores the net cost is rapidly rising. In the five years ending 1899-1900 the expenditure was fairly steady in the neighbourhood of £23,000 a year, and the receipts were rapidly progressive. In the four years ending 1908-09 both expenditure and receipts were almost stationary at £48,000 in the former case and £31,000 in the latter. In the last four years the expenditure has increased very rapidly, while the receipts rose at once to £46,000 but have since only slightly expanded. The figures year by year (for home stores only) are given below :—

	Years				Expenditure. £	Receipts. £
	1908-09	1909-10	1910-11	1911-12		
(1908-09)	(46,705)	(31,247)
1909-10	69,034	46,385
1910-11	84,247	45,506
1911-12	111,700	49,533
1912-13	87,800	49,193

The recent expansion in purchases is primarily associated with additions to stocks to work up to the new and enlarged standard list of drugs and instruments to be maintained by the depôts. It was anticipated that the additional outlay would be partly temporary and to a large extent recouped by improved receipts, and it was no doubt to be expected that the improvement in receipts would be a year or two in arrear of the increase of supplies. Some further development of receipts may indeed occur. The standard of 1912-13 may perhaps be taken at £133,000 of expenditure, with recoveries at £85,000, i.e., £48,000 net, and the standard of 1898-99 at £58,000 of expenditure, with recoveries at £40,000, i.e., £18,000 net. The additional net expenditure on medical stores will thus be £30,000, of which £4,000 is due to the transfer above mentioned, and the increase of £26,000 is to be associated in part with the more scientific and expensive methods, and especially preventive methods, introduced in recent years.

SUPPLY AND TRANSPORT STORES.

12. The Stores expenditure of the Supply and Transport Corps has been fairly steady throughout the period under review, and the low figure for local stores requirements in 1912-13 is due to the temporary economy referred to in Part A. of Statement No. 15. The average of the seven years ending 1911-12, in round numbers £52,000, may be taken as the standard for 1912-13, and the average of the five years ending 1899-1900 namely £45,000, as the standard of 1898-99. The difference of £7,000 presumably represents a real increase of expenditure.

MARINE.

13. The Marine Stores requirements vary with the work done for Local Governments and the Royal Navy. The average of the five years ending 1899-1900 was £108,000* which may be taken as the standard of 1898-99.

* Excluding £100,000 spent in 1899-1900 in part payment for the Royal Indian Marine Steamer "Hardinge".

The average of the last eight years was £146,000. The debit of the cost of coal to the Arms Traffic operations in the last three years has probably, however, indirectly relieved the ordinary estimates to some extent, and a normal standard would probably be about £150,000 a year. The financial significance of the rise in the annual standard is obscured by changes of classification and other circumstances which make it difficult to establish an uniform connection between outlay and recoveries. Any increase of Marine stores charges will, therefore, be considered when dealing with the head "Marine" as a whole. (See paragraph 57 of the Memorandum.)

SUMMARY.

14. The relation between the actual expenditure of the selected years, the average figures, and the standards proposed, is exhibited in the following table:—

	Expenditure in 1898-99.	Expenditure in 1912-13.	Average expenditure for the 5 years ending 1899-1900.	Average expenditure for the 8 years ending 1912-13.	Standard proposed 1898-99.	Standard proposed for 1912-13.
	£	£	£	£	£	£
Ordnance	508,000	371,000	508,000	533,000	508,000	500,000
Clothing	281,000	198,000	266,000	219,000	266,000	150,000
Medical	53,000	139,000	58,000	116,000	58,000	133,000
Supply and Transport ...	37,000	40,000	45,000	51,000	45,000	52,000
Marine	106,000	145,000	108,000	146,000	108,000	150,000
Add amount lost in rounding.			1,000			
Total ...	985,000	833,000	986,000	1,065,000	985,000	985,000

The figure thus obtained for the normal Stores requirement of to-day may be taken to be identical with the standard figure proposed for 1898-99, and also with the actuals of that year. This result is a mere coincidence, as the different elements in the total have varied, and in some instances to a very large extent. It is convenient, however, to be able to adopt the same standard throughout and to be able to accept the figure for 1898-99, which is the starting point of the entire review, without manipulation. In doing so, however, it must be remembered that the uniformity of the figure representing the aggregate stores expenditure does not imply the absence of gain or loss to Government in connection with Stores transactions. As pointed out in dealing with the separate heads, there is a net gain under Ordnance owing to an increase of receipts which was taken provisionally as being £38,000 per annum; there is a saving under Clothing of apparently £70,000 to £80,000; a net increase of expenditure under Medical stores taken at £30,000; and an increase of £7,000 under Supply and Transport stores; while the net gain or loss in connection with Marine stores is merged in the increase of expenditure under that head taken as a whole. It may also be pointed out again that these conclusions do not purport to be final*.

* The question, initiated sometime ago by the Finance Department, of the closer association of the financial and accounts authorities with the Administrative Departments in matters of store regulation and control, is still unsettled. The absence of systematic information in such matters is an undoubted defect of existing arrangements.

APPENDIX No. 6.

NOTE ON STATEMENT NO. 8 ALLOCATING NON-SCHEDULE EXPENDITURE BY GRANT HEADS.

Paragraphs 39 to 49 of the Memorandum have already analysed the expenditure on stores, purchase of animals, certain quasi-contract grants and military works, and, as explained in paragraph 38, the analysis of the remainder of the ordinary expenditure will now be taken up. The figures used, unless the contrary appears from the context, will be those in Statement No. 8, from which the Schedule expenditure from 1904-05 onwards and the permanent expenditure entailed by it have been excluded. In dealing with the recent years, the Army expenditure will be taken grant by grant, except in those cases where the review contained in the Memorandum itself would clearly make this superfluous. The expenditure of the years 1898-99 to 1905-06 will be noticed more briefly.

Army Receipts, Home and India. 1898-99 to 1912-13.

2. The *Army Receipts* rose by £573,000 between 1898-99 and 1905-06.

				£	
1898-99	...	...	...	616,284	Of this £470,000 belongs to the Home
1905-06	...	...	...	1,169,696	accounts and £103,000 to the Indian. An
1907-08	...	...	...	1,022,479	increase of £22,000 under non-effective
1912-13	...	...	...	1,154,900	receipts has already been taken into ac-

count in line X of Statement No. 1. The value of clothing and equipment taken Home by units rose by £43,000, this being an ordinary variation of an extremely fluctuating figure. (By 1912-13 it had again fallen by £33,000.) The main causes of the total increase, however, were the contribution of £230,000 from the Home Government under the award of the Welby Commission already noticed in line VI of Statement No. 1, and the system of a capitation rate for the Colonial battalions which was instituted in 1905-06 and gave a receipt in that year of £175,000.* Under this arrangement the expenditure of the five battalions appeared in the Indian accounts, while the corresponding credit from the Home Government appeared as a receipt in the Home accounts. Prior to 1900-01 India had supplied a smaller and varying number of units from time to time, without replacement in India, thus effecting a saving of which account has been taken in line II of Statement No. 1.

The increased receipts in India include £14,000 under dairy farms (which are dealt with in paragraph 53 of the Memorandum); £7,000 under grass cultivation (taken into account in line III of Statement No. 1); £61,000 under medical and ordnance stores (taken into account in dealing with stores); and £35,000 under non-effective receipts (taken into account in line X of Statement No. 1). On the other hand, there are certain counterbalancing decreases:—(a) of £14,000 under receipts from malt liquor and rum, but against these receipts there were equivalent charges, and the whole of these transactions have now disappeared from the accounts; (b) of £38,000 under Special Services, of which account has been taken in line I of Statement No. 1.

3. Between 1905-06 and 1912-13 *Army Receipts* fell by £169,000 at Home and increased by £134,000 in India, the net fall being £35,000. As regards the Home receipts, there is a small decrease (£5,000) in non-effective receipts dealt with in line X of Statement No. 1; the decrease of £33,000 mentioned in paragraph 2 in the value of clothing taken Home by units; and a decrease of £131,000 in the capitation rate for Colonial battalions. This is due partly to the reversion to a more normal figure (see footnote), but mainly to another change of system. The Colonial battalions are largely financed by advances given by the Colonial Paymasters. These advances were previously not brought into the accounts at all, so that the entire sum paid by the Home Government was adjusted in the Home accounts. The new practice is to treat these advances as direct receipts in India, thus reducing the sum remaining to be paid by the Home Government through the Home accounts.

*This first year's payments by the Home Government were abnormally high and will be found later to have fallen to £140,000 by 1912-13.

Accordingly, turning to the Indian receipts, a new receipt of £96,000* appears for the first time for the reason just mentioned. There is an increase of £81,000 in receipts from dairy farms which are dealt with in paragraph 53 of the Memorandum; of £90,000 under the Clothing Allowance scheme also separately dealt with in connection with stores; a special receipt of about £33,000 due to sales of excess stocks of clothing of which account has been taken in Appendix No. 4; an increase of £20,000 under the receipts from the sale of Clothing (necessaries) which, however, must represent additional expenditure either in India or on imported stores; and an increase of £20,000 under Medical stores which has already been dealt with in dealing with stores generally. On the other hand, the disappearance of the malt liquor charges has involved a decrease of £185,000 with a corresponding decrease in the expenditure under Grant 4, and Ordnance stores (already dealt with) show a decline of £17,000.

It will be seen that none of these principal elements in the growth of receipts, except those already separately dealt with, have any significance from the point of view of an enquiry into permanent increases or decreases of expenditure.

Remaining Army expenditure—India, 1905-06 to 1912-13.

4. In dealing with the separate grant heads under Army, it will be necessary, as explained in paragraph 38 of the Memorandum, to take the year 1907-08 as the starting point, any isolated facts which can be gathered regarding the years preceding 1898-99 being added separately at the end.

5. *Grant 1—Administration.*—This is a fluctuating head. The increase is

	£	
1907-08	... ...	419,322
1912-13	... ...	481,018

partly accounted for by the transfer from Grant 7 to this head of the charge for the Director General of Remounts, and his establishment (£ 5,000); but appears to be also connected with an increase, amounting to about £9,000, in the payments for contingencies, etc. (see paragraph 18 below). On the other hand there has been a reduction of about £2,500 owing to the abolition of the Inspecting Officer of Cantonments and the Inspector of Submarine Defences.

6. *Grant 2—Military Accounts Department.*—This is dealt with fully in

	£	
1907-08	... ...	189,746
1912-13	... ...	178,559

paragraph 51 of the Memorandum, the entire increase being due to the establishment of divisional disbursing offices at a cost which was slightly more than counterbalanced by savings in Grant 3 (regimental paymasters) and Grant 4 (Supply and Transport accounts offices).

7. *Grant 3—Regimental pay, etc., including Volunteers.*—The decrease

	£	
1907-08	... ...	7,342,240
1912-13	... ...	7,291,925

amounts to £50,315. The figures have been reduced by the decrease in service pay (£100,000) which enters into line VIII of Statement No. 1, and by the abolition of regimental acting paymasters (£31,000), of which account has been taken in dealing with the increased cost of the Military Accounts Department in paragraph 51 of the Memorandum. The war savings of 1912-13 (taken into account in line II of Statement No. 1) also affect this grant to the extent of £48,000. On the other hand, the new Clothing Allowance scheme elsewhere dealt with involved an increase of £97,000 under this head, and the cost of Volunteers referred to in paragraph 52 of the Memorandum rose by £6,000. The net decrease thus explained is £76,000. This grant and also grant 4 are peculiarly affected not only by Schedule expenditure but by changes in the other classes of expenditure enumerated in Statement No. 1, and also to some extent by the economies mentioned in Statements Nos. 14 and 15. Grant 3 is also liable to material fluctuations owing to variations in strength and in the number of officers taking leave. It is only possible, therefore, to indicate broadly how the reduction in the large aggregate figure has come about.

8. *Grant 4—Supply and Transport, including Farms.*—The decrease

	£	
1907-08	... ...	1,965,746
1912-13	... ...	1,817,227

shown amounts to £148,519. Food charges, dealt with in line III of Statement No. 1, fell by £46,000; the saving on the Supply and Transport accounts offices referred to

in connection with the Military Accounts Department in paragraph 51 of

* Making a total payment of £140,000 on account of the colonial capitation rate in 1912-13.

the Memorandum amounted to £16,000; and the elimination of malt liquor charges and receipts involved a further reduction of £117,000. The figure for 1912-13 has also been reduced to the extent roundly of £52,000 by the economies, both permanent and temporary, mentioned in Statements Nos 14 and 15, and by a variation of £11,000 under supply and maintenance of peace stores. On the other hand, grass farm charges, dealt with in line III of Statement No 1, rose by £17,000 net* and the non-Schedule charges for dairy farms dealt with in paragraph 53 of the Memorandum by £75,000. The net effect of the decreases and increases mentioned is a reduction of £150,000.

9. Grant 5—Veterinary Services.—This increase is partly due to the

recent reorganization of the department,
 1907-08 £ 30,956 and partly to a smaller allowance for
 1912-13 33,211 leave savings, etc.

10. Grant 6—Army Clothing Department.—The increase is connected with

Schedule adjustments and the introduction
 1907-08. 1912-13.
 £ £
 Expenditure, India 118,654 ... 103,056 of the Clothing Allowance scheme
 Deduct stores 92,038 ... 76,081 already considered.
 Balance ... 2,616 ... 26,975

11. Grant 7—Remount Establishments—The figures are practically identical. (See, however, remarks under Grant

1.) The head is a fluctuating one, the
 1907-08 £ 269,£59 higher figures in some of the intervening
 1912-13 271,435 years being due to special purchases of animals, or higher food prices.

12. Grant 8—Medical Services.—The decrease of £18,000 is mainly due

to the reductions in the Army Bearer
 1907-08 £ 409,845 and Hospital Corps. The former has
 1912-13 391,£75 been taken into account as one of Lord
 Kitchener's economies in Statement No 14, the portion of the saving
 accruing since 1907-08 being estimated at £11,000. The latter is also
 included in the Statement No. 15 under the description "Reduction of hospital
 beds and servants, British troops", where the saving up to date is taken at
 £3,000.

13. Grant 9—Medical Stores.—This grant has already been dealt with in connection with Stores.

1907-08	...	...	...	£	26,702
1912-13	...	...	...	£	24,873

14. Grant 10—Ordnance.—In the case of the Ordnance grant the exclusion of Schedule expenditure creates certain complications. Every Schedule measure involving ordnance equipment eventually entails recurring expenditure on account of replacements, and such expenditure, as estimated at the time, is included in line V (c) of Statement No 1. On this basis it is calculated that the Ordnance Department is now, in 1912-13, incurring about £88,000 a year more of expenditure than it would have done had no further progress with Schedule measures taken place since 1907-08. Roughly speaking, half of this amount or £44,000, should represent Stores, and the other half labour and general charges.

The ordinary Ordnance stores, India, in the two years were as follows:—

1907-08	...	...	...	£	345,972
1912-13	...	...	...	£	187,313

* After allowing for the relief of £12,000 obtained by the resumption of farm rentals (see paragraph 47 of the Memorandum).

Deducting £44,000 in the second case, the first feature of the Ordnance figures to be explained is a decline under ordinary stores from £346,000 in 1907-08 to £143,000 in 1912-13. On this point nothing can be added to what has already been said in paragraphs 3 to 7 of Appendix No. 5. The indenting of the entire period from 1905-06 onwards was so irregular that Ordnance requirements can only be calculated on the basis of an average figure for the whole eight years.

As regards Ordnance charges as a whole, the figures in Statement No. 8, from which Schedule expenditure has already been deducted, give the following as the total remaining Ordnance expenditure, India :—

	£
1907-08	... ... ... ... ... 794,000
1912-13	... ... ... ... ... 543,000

Deducting the ordinary stores figures arrived at above (namely £843,000 and £143,000, respectively), the following figures are obtained as representing the total non-Schedule non-stores Indian expenditure :—

	£
1907-08	... ... ... ... ... 448,000
1912-13	... ... ... ... ... 400,000

This implies that ordinary expenditure has been reduced by an amount which is practically identical with the Schedule recurring expenditure passed on to it. So far as general charges enter into the estimates of Schedule expenditure, there is no doubt some tendency simply to relieve the ordinary charges. It is also claimed by the departmental authorities—and the claim is believed to have substance—that there has been considerable economy and restriction of expenditure within the department in recent years. On the other hand, there is much difficulty, in the earlier years, in disentangling the actual facts as regards the new Schedule expenditure and the old. It has also to be remembered that equipment estimates can only proceed on the assumption of a regular rate of replacements becoming operative, and that this assumption evidently cannot for many years be anything like wholly true. For example, while the extra ammunition for additional troops involves a steady annual charge from the outset, the rifles provided for them may not require to be renewed for a dozen years. Probably this factor, as well as others mentioned, will be found to contribute to the result above obtained, if that result should not be modified by further examination. From a practical point of view it would seem best, in the case of non-stores charges, to assume, broadly, as has already been done in the case of the Stores charges, that there has been no substantial variation in the ordinary requirements as a whole, and this agrees with the results obtained from an examination of the figures in more detail.

	£
1907-08	... ... ... 28,474
1912-13	... ... ... 28,882

15. Grant 11—Ecclesiastical.—The figures are practically identical.

16. Grant 12—Education.—The reductions are associated with the abolition of the mounted infantry schools by Lord Kitchener and His Excellency Sir O'More Creagh, the savings on account of which have been taken into account in Statements Nos. 14 and 15. Only a part of these savings (£14,000) enters into this head.

17. Grant 13—Compensation for food and forage.—The entire charges have been taken into account under food charges generally in line III of Statement No. 1,

18. Grant 14—Miscellaneous Services.—The increase amounts to £12,000.

On the one hand, there is an increase of £33,000 under Special Services dealt with in line I of Statement No. 1. On the other hand, a charge of £28,000 on account of telegrams which appeared in Grant 14 in 1907-08, is now distributed among the various grants.

19. Grant 15—Hutting.—This has been dealt with in paragraph 46 of the Memorandum.

20. Grant 16—Conveyance by road and sea.—The Budget of the current

year was increased by £37,000 to meet expenditure falling under this head in connection with the employment of Royal

Indian Marine vessels in Home trooping. This measure as a whole will effect a large temporary economy, and has been separately dealt with accordingly (*vide* Statement No. 15 and also paragraph 2 of Appendix No. 4). The Budget provision would otherwise have been £58,000. This is a normal figure. There is therefore a reduction of £13,000 as compared with 1907-08. The reduction seems to be mainly due to less expenditure on the conveyance of Ordnance stores, and appears to be a definite economy.

21. Grant 17—Conveyance by rail.—The reduction is due to the lowering

of the rates for military railway traffic from the 1st January 1908, the saving on account of which has been separately taken into account as one of Lord Kitchener's economies (*vide* Statement No. 14). The total annual saving is estimated at £58,000.

22. Grant 18—Cantonments.—This has been dealt with in paragraph 47 of the Memorandum.

23. Grants 19 and 20 Non-effective Services.—These have been dealt with in line X of Statement No. 1.

Remaining Army expenditure, India. 1898-99 to 1905-06.

24. As already explained, the expenditure up to 1905-06 cannot be analysed by grant heads on the same basis as that of subsequent years. Excluding changes which appertain to the figures in the special heads of Statement No. 1 and also those relating to Stores, the following variations have been traced :—

	Increase. £	Decrease. £
(1) Increase of strength of the Military Accounts Department (see paragraph 51 of the Memorandum) ...	+ 14,000	
(2) Charges incurred in India for 5 colonial battalions, and recovered at home by the capitation rate (already referred to in paragraph 2) ...	+ 120,000	
(3) Reduction under malt liquor charges (the corresponding receipts for which have already been dealt with) ...	... — 6,000	
(4) Increase in conveyance charges by rail, road and river, and decrease in sea transport charges ...	+ 118,000	— 14,000
(5) Increased cost of dairy farms (the corresponding receipts of which have already been dealt with) ...	+ 60,000	
(6) Increase in cost of Volunteers (already dealt with in paragraph 52 of the Memorandum) ...	+ 28,000	
(7) Excess strength of troops in 1905-06 (already taken into account in Appendix No. 3) and short strength in 1898-99 ...	+ 80,000	
(8) Increase in training grant (already dealt with in paragraph 46 of the Memorandum) ...	... + 7,000	
Total	... + 427,000	— 20,000

The changes indicated in item 4 above (which are briefly referred to in paragraph 55 of the Memorandum) appear to have been subsequently maintained. The other items have no permanent significance or have elsewhere been taken into account.

The net increase of expenditure thus explained or allocated amounts to £407,000. The actual difference requiring explanation is somewhat difficult to arrive at. The figures for Ordinary expenditure as given in line XIII of Statement No. 1 include Military Works and Marine expenditure and Home army charges and are also net throughout. To obtain corresponding figures for gross "Ordinary expenditure," Army, India, 1898-99 to 1905-06, requires a recalculation, the details of which need not be reproduced. Such a recalculation roughly carried out indicates, however, that apart from Stores, which have been fully examined elsewhere, there is an increase of about £620,000 requiring explanation. An increase of over £273,000 thus remains untraced. Judging from the fact stated in paragraph 58 of the Memorandum, a large part of this untraced increase would readily be accounted for by the minor sanctions given daily in the ordinary course of administration over a period of seven years.

Remaining Army Expenditure, Home. 1898-99 to 1912-13.

25. Under Home charges, the small item "Consolidated clothing allowances of British soldiers", which enters into the clothing question generally, and the important heads "Stores for India" and "Non-effective charges" as well as any Special Service expenditure, can be excluded from consideration, as these have been elsewhere dealt with. The following heads require notice.

26. Payments to War Office in respect of British forces serving in India.—

	£	India.	—The 1905-06 figure was about
1898-99	764,400
1905-06	565,720
1907-08	626,829
1912-13	923,000

£60,000 below normal, owing mainly to a refund of overpayments previously made.

Account has been taken of this abnormality in Appendix No. 3. Taking the standard of 1905-06 as £625,000, the subsequent increase is due to the increase of the capitation rate by £300,000 a year, already dealt with. The 1898-99 figure includes some special adjustments, and the standard at that time was probably about £750,000. The difference between this and the standard of 1905-06 (£625,000) is due to the substitution of an annual gratuity of £1 instead of the former deferred pay of £3, a change which was made in connection with the introduction of messing allowance on the 1st June 1898, and has been taken into account in the figures in line VIII of Statement No 1 (*vide* Appendix No. 2).

27. Furlough allowances and pay during voyage of British forces serving in India.—

	£	in India.	—This expenditure is now fairly
1898-99	107,875
1905-06	129,263
1907-08	140,431
1912-13	143,000

steady at about £140,000. The increase up to 1907-08 has not been examined in detail, but is doubtless in the main an indirect result of the increase of the pay and allowances of British troops. The rise of £22,000 up to 1905-06 and of about £11,000 afterwards may be taken as representing a real addition to expenditure.

28. Furlough allowances of officers of the Indian Service.—

	£	ture has been steadily growing up to 1910-
1898-99	...	203,233
1905-06	...	292,877
1907-08	...	341,753
1912-13	...	370,000

11, the increase being doubtless mainly due to the very large additions which have been made to the establishment of

Indian Army Officers (*vide* Statement No. 9) and increased facilities for leave. The figure for 1898-99 was, however, somewhat below normal, owing to the restriction of leave in consequence of the Frontier operations, but for which it would probably have stood at about £225,000. The increase is therefore £67,000 up to 1905-06 and £78,000 thereafter. As, however, all furlough allowances mean a more than counterbalancing saving in pay charges in India,

and as the estimates of the cost of the Schedule measures by which these additions were made are based on 12 months' pay charges, it is evident that the increase under this head has already been taken into account, by implication, in lines IV (c) and V (c) of Statement No. 1.

29. Indian Troop Service.—The figure for 1912-13 would have stood

			£	at £301,500, but for the saving tempo-
1898-99	...	...	276,556	rarily obtained through the employment
1905-06	...	...	313,810	of Indian Marine vessels [<i>vide</i> Statement
1907-08	...	...	337,122	No. 15 (A)]. The item is a fluctuating one,
1912-13	...	...	226,500	varying with the number of voyages, the rates of hire, and Suez Canal charges.

The charge has also been affected by the employment of larger and more modern vessels. On the whole, the increase of £37,000 up to 1905-06 may be regarded as a real increase for the time being, and the fall of £12,000* since 1905-06 as a real reduction.

30. Passages of officers and others not charged to the Indian Troop Service.—The year 1898-99 was abnormally high. The figure ordinarily fluctuates between £5,000 and £7,000, and the small recent differences need not be taken into account.

31. Purchase of horses and Miscellaneous.—The differences under this head represent ordinary fluctuations.

			£
1898-99	...	...	10,997
1905-06	...	...	6,850
1907-08	...	...	6,091
1912-13	...	...	5,000

Net Marine expenditure, Home and India.—1898-99 to 1912-13.

32. The course of the Marine expenditure is obscured by changes of classification which necessitate the consideration of the figures in the *net*, and by the peculiar treatment of stores in the earlier years. The charges have also been extremely fluctuating, being much affected by the varying extent of trooping services rendered to the Home Government and also by the varying amount of work performed for the Royal Navy and Local Governments. The following table may be given :—

	1898-99.	1905-06.	1912-13.
	£	£	£
Net non-Schedule Marine expenditure...	317,301	335,141	339,961
Deduct Ordinary stores ...	105,590	155,762	145,095
Balance of non-Schedule expenditure other than stores.	<hr/> 211,711	<hr/> 179,379	<hr/> 194,866

In 1903-04 a definite economy was effected by the abolition of the Bombay Defence Flotilla.—a step which relieved the Indian Government of a large contribution payable for the use of Naval establishments. At the time of abolition (1903-04) this contribution stood at £61,000. In 1898-99 it accounted for an expenditure of £45,000.

In 1912-13 the Marine head was also relieved by a recovery of £20,000 from the War Office which, as explained in paragraph 11 of the Memorandum, has been treated as a war saving.

Restoring this saving in 1912-13 and deducting the cost of the Flotilla from the figure for 1898-99, the balance remaining for comparison is as stated

		£	in the margin. The increase up to 1905-06
1898-99	...	167,000	is explained by the commissioning of new
1905-06	...	179,000	and larger vessels (R.I.M.S. "Hardinge")
1912-13	...	215,000	

* i.e., from £313,810 to £301,500.

† These items are not separately distinguished in the earlier accounts.

and "Dufferin"). This represents a real increase of expenditure. Between 1905-06 and 1911-12 R. I. M. pensions had risen by £11,000,—an increase of expenditure of which account must be taken here, as the figures in line X of Statement No. 1 relate only to Army non-effective charges. The balance may represent an ordinary fluctuation.

DIAGRAMS.

DIAGRAM No. 1
COMPARISON BETWEEN NET MILITARY EXPENDITURE AND HALF THE
NET TOTAL EXPENDITURE (IMPERIAL plus PROVINCIAL)
FROM 1884-5 to 1912-13.

Notes:-

- (1) In the figures for military expenditure the outlay on war and similar operations has been deducted and war savings due to the absence of troops from India at the charge of the Home Government have been restored. In the figures for total expenditure the same deduction and addition have been made and famine relief expenditure also has been deducted. The figures used are those in Statement No. 1.
- (2) The line - - - represents half the total expenditure and the line — the whole military expenditure.
- (3) The scale is in millions of £ to one decimal.

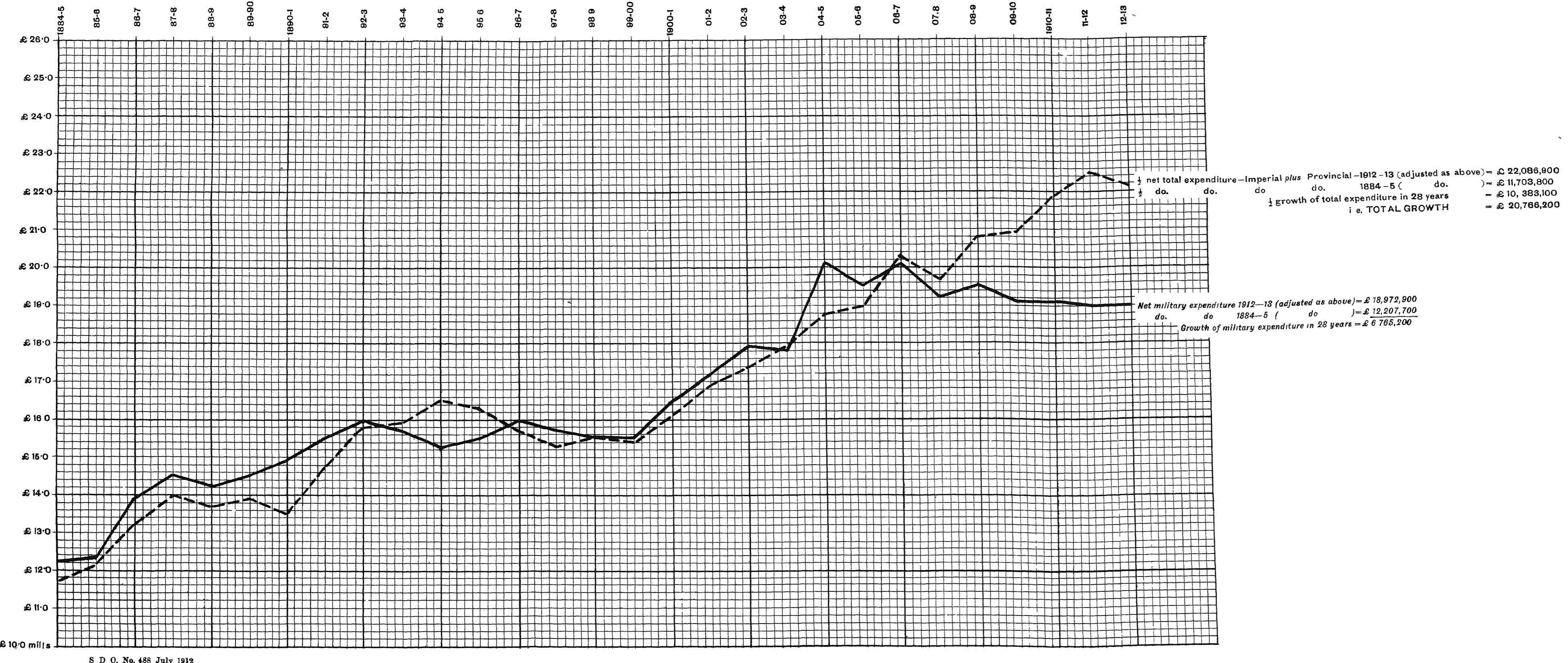
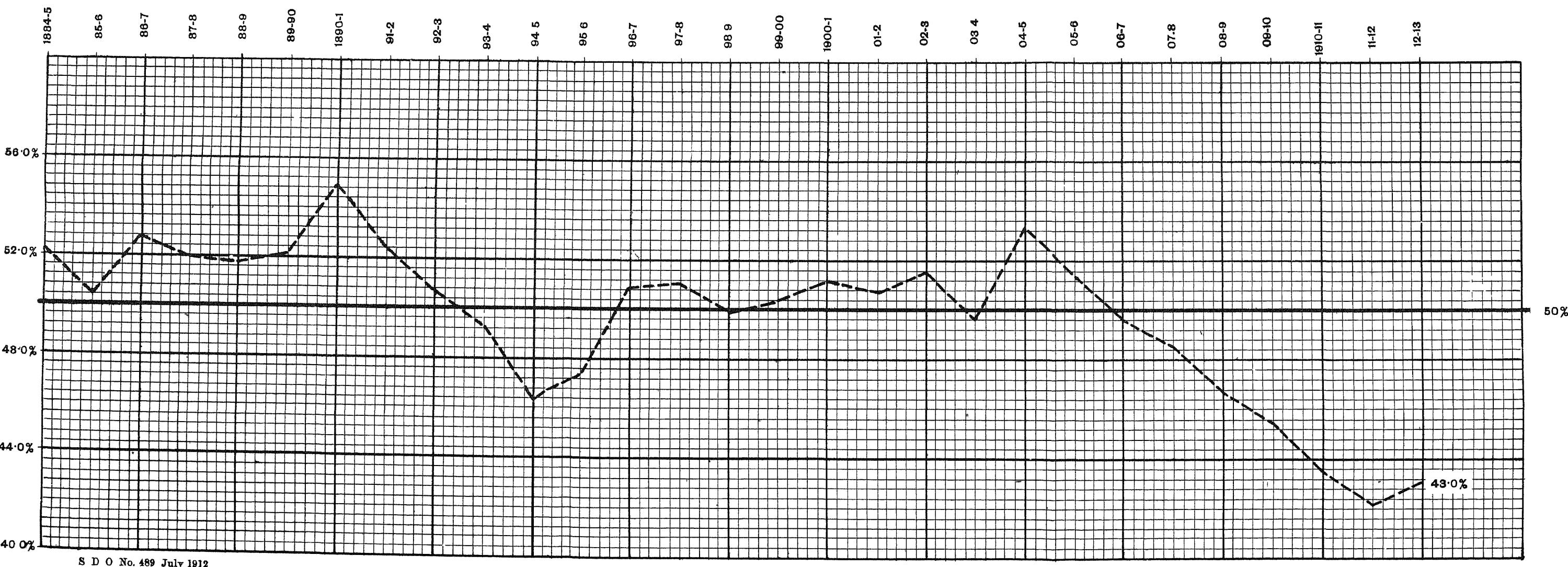


DIAGRAM No. 2
PERCENTAGE BORNE BY NET MILITARY EXPENDITURE TO NET TOTAL
EXPENDITURE (IMPERIAL plus PROVINCIAL) FROM 1884—5 to 1912—13.

Notes:—

- (1) The figures are adjusted for war expenditure, war savings and famine relief as in Diagram No. 1. The figures used are those in Statement No. 17.
- (2) The line --- represents the varying percentage of military to total expenditure, so adjusted, the line — represents a uniform 50% standard.



S D O No. 489 July 1912

APPENDIX VI.

Memorandum regarding Ordnance Factories in India.

PREPARED BY THE DIRECTOR-GENERAL OF ORDNANCE.

ORDNANCE FACTORIES IN INDIA.

I beg to submit the following information which it is hoped will be of assistance to the Army in India Committee 1912, in their inquiries regarding the Ordnance Factories in India. There are seven of these establishments :—

- (1) The Gun and Shell Factory, Cossipore with a branch at Ishapore.
- (2) The Rifle Factory at Ishapore.
- (3) and (4) The Ammunition Factories at Dum Dum and Kirkee.
- (5) The Harness and Saddlery Factory at Cawnpore.
- (6) The Gun Carriage Factory at Jubbulpore.
- (7) The Cordite Factory in the Nilgiri Hills.

2. At the branch of the Gun and Shell Factory at Ishapore is produced all the brass and cupro-nickel cartridge metal required for Q. F. gun and small arm ammunition, and a very large proportion of the steel required for ordnance purposes in India. In addition a considerable amount of steel bar and rod, and steel and iron castings are manufactured for other Government departments. At the main branch at Cossipore practically all the requirements of India as regards fuzes, projectiles, and gun components are turned out, also a percentage of the guns of small calibre required, and a large variety of miscellaneous war stores. Stores of a nature manufactured at Cossipore and requiring repairs are also dealt with at the main branch.

The Rifle Factory's work is confined to the manufacture and repairs of small arms and their components, also machine gun components.

At Dum Dum is manufactured approximately half the total requirements of India as regards small arm and Q. F. ammunition ; this factory also fills all fuzes, tubes, primers, etc., manufactured by Cossipore. The Kirkee Ammunition Factory makes the remaining half of the requirements of India as regards small arm and Q. F. ammunition, and attached to the factory is a branch for filling shell with lyddite.

At Cawnpore the manufacture entirely consists of leather and war stores in which leather is the principal material used.

Jubbulpore manufactures a portion of the gun carriages required for a mobile artillery rearmament and is capable of supplying all the component parts, etc., of vehicles required for the maintenance in a state of efficiency of this branch of the service, it is also capable of supplying a large number of the miscellaneous vehicles and transport carts required in India, and of undertaking all carriage repair work.

The manufacture at the Cordite Factory is confined to cordite and gun-cotton and the making up of cordite cartridges.

3. I attach the following statements—"A" which shows in the case of each factory the present value of the buildings, machinery, and other capital on 31st March 1912. "B" the value of the stores in stock on 31st March 1911, "C" the numbers and cost of the salaried establishments, "D" the numbers and cost of the extra establishments, "E" the value of the outturn based on the average for the last 3 years for which figures are available.

4. I also attach a statement "F" showing what raw materials of a nature which has to be imported are held by the respective factories as a war reserve. These reserves are not permitted to be trenchanted upon except under most special circumstances in peace time, and are over and above the stocks of imported raw material required for ordinary peace expenditure, the demands for this latter material are so framed that there should be in stock on the 1st April annually, 9 months' requirements for normal expenditure. This arrangement

is necessary, as dues of raw material from England are frequently not received before the September of the year in which due, sometimes later.

5. The factories at Dum Dum, Cossipore, Cawnpore and Kirkee are developments of establishments which have existed and where the same nature of manufactures has been carried out for many years past.

The causes which led to the establishment of the Jubbulpore Gun Carriage Factory are detailed in Proceedings A., November 1895, Nos. 175-78 and B., October 1898, Nos. 6-9, placed below, and are summarised in Government of India Despatch No. 152, dated 2nd September 1908 (Proceeding B., October 1898, No. 9). Full information as to the establishment of the Rifle Factory will be found in Proceedings A., April 1901, Nos. 1379-1379-A., and Proceedings A., June 1903, Nos. 280-288, and information regarding the establishment of the Cordite Factory will be found in Proceedings A., September 1894, Nos. 1061-63, B., February 1896, Nos. 850-853, B., June 1896, Nos. 215-219, B., June 1899, Nos. 3101-30, A., April 1901, Nos. 209-248, particular attention being invited to Military Despatch No. 105-Military, dated 28th September 1899, from the Right Hon'ble the Secretary of State for India to His Excellency the Viceroy, and Military Department Despatch No. 100, dated 12th July 1900, in reply thereto (Proceedings A., April 1901, Nos. 218 and 232).

6. As regards the general question of manufacture of war material in India, I offer the following observations :—

The present policy of the Government of India as stated in their Despatch No. 144, dated 27th May 1905, to the Secretary of State is "to render India self-supporting as far as possible in the supply of munitions of war," and while so far as I am aware the necessity for the adoption of this policy has never been questioned from what may be termed the general staff point of view, the question has lately and frequently been raised whether the recent development of the ordnance factories has not resulted in India paying too high a price for the undoubted advantages of local production. In other words as I understand the position, the question from financial consideration is whether it is not desirable to cease the local manufacture of such stores as can be imported from England at less cost. This question can, I think, be only dealt with from the broad point of view, that is, having regard to the present capabilities of the factories, is the cost of their total outturn less or greater than the cost of the similar stores imported, and if greater is the extra expenditure worth incurring. It is necessary to emphasize the point that the comparison should be between that of the whole outturn of each particular factory and the cost of similar stores if imported, as it is not legitimate to select items the cost of which at any particular time may be cheaper in England than in India. Home rates of manufacture vary very much from year to year, being dependent of course on the quantity ordered in the year, and if the fact, that at any particular time a store could be imported more cheaply than if locally manufactured is to form a valid justification for the cessation of such manufacture, the result in time would lead to the eventual abandonment of local production, for the reason that the cost of manufacture of any store is the cost of the labour and material employed plus the proportion of indirect charges on the labour. It is plain therefore, the amount of indirect charges of each factory being approximately a fixed quantity and not susceptible of appreciable reduction, that the curtailment of output must lead to the appreciation of cost of manufacture of the remaining items with the result indicated. It is of course true that for the first few years, as in the case of rifles at present, the cost of production of a new manufacture in India is in excess of the cost if imported.

7. It is not possible at present to give a reliable comparison between the cost of locally manufactured and of imported similar stores, as till quite recently cost accounting in India has not been satisfactory, but an accurate comparison should be possible in about a year's time owing to the recent adoption in India of the Home system of cost accounting. Under the old systems of accounting such a comparison was made in 1908, with the result that the actual saving to India by local manufacture in 1906-07 in the principal items selected for comparison was over 11 lakhs of rupees. While I should hesitate to accept

that figure as truly representing the facts, it is inconceivable that the old system could have been so hopelessly inaccurate as to exhibit such large savings if the reverse state of affairs had obtained.

8. I attach a memorandum (G) by Mr. Harvey, Chief Accountant, on the subject of cost of Indian manufacture, with a copy of the statement therein referred to of comparative costs of Home and in India of certain stores. The circumstances in which accounts were compiled in 1906-07 were very different from those now existing. Capital has been largely increased, many charges are now gathered, which appear to have been omitted in earlier years. Even the first year's accounts 1910-11 under the new system, are inaccurate, for we were gaining experience and putting charges right during that year. It is therefore a fact that satisfactory figures for cost of production will not appear till the accounts for 1911-12 now in hand, are completed.

9. The comparison of totals of expenditure at Home and in India, even on the broadest lines, requires a complete understanding of the Home and India systems, or results may be very misleading. Thus the pay of Foremen and Assistant Foremen are included in wages (labour) at Home, and in salaries in India.

"Material" includes not only raw material but material and components made up in factories, and hence contain proportions of labour and indirect charges, so that if the latter be heavy the value of material is enhanced.

10. Labour in India is much cheaper than in England, approximately $\frac{1}{3}$ of the English labour, and the proportion of supervision in manufacturing sections to the number of workmen is much lower than in England, *viz.*, at—

Gun and Shell Factory	...	...	...	...	1 to 68
Ammunition Factory	...	...	...	...	1 to 44
Rifle Factory	...	...	...	...	1 to 61
Gun Carriage Factory	...	...	...	...	1 to 37

Compare Home factories—

R. G. F.	...	...	...	...	1 to 21
R. L.	...	...	...	...	1 to 38
Enfield	...	...	...	...	1 to 35
R. C. D.	...	...	...	...	1 to 15

11. There is no doubt that for our outturn our capital value of buildings is high, and of machinery very high, but these were augmented for a specific purpose, *i.e.*, an anticipated large war outturn. In the case of the machinery, the book value is much higher than it should be owing to the inclusion of "dead stock," and in the case of certain factories of the "first equipment charges" which at Home would have been spread over a certain outturn or a specified number of years. These excess charges will work down in time, expenditure on new machinery being less than the depreciation written off.

12. Shortness of work, *i.e.*, less work than a factory is equipped for, is however an exceedingly difficult evil to combat from the point of view of cheap production. Of course other fortuitous circumstances sometimes intervene, *e.g.*, the introduction of the Inspection Section has temporarily disorganized matters and checked output, as at the Rifle Factory, Ishapore: difficulties in securing labour (*e.g.*, Jubbulpore) has also restricted output, but I consider a good deal could be done to cheapen outturn if the Government of India insisted on all Government departments obtaining from the factories as much of their requirements as possible which are of a nature which the factories are in a position to supply.

The practically absolute stoppage of orders for Transport vehicles, harness and gear, for a long time past has adversely affected the production of steel, leather, and wood-work, and this reflects on the cost of the remaining service equipment.

13 It is presumed the army will before long settle down to normal demands for articles required to maintain its efficiency (once surplus stocks are absorbed) and with steady orders for manufacture and capital reduced by depreciation, it is probable that economical production in this country will result.

14. The ideal consummation of the hitherto declared policy of the Government of India as approved by the Secretary of State, is, I understand, to place India in as independent a position as regards war material as England or any other power can be. This ideal from the present industrial conditions of India cannot be reached for many years, if ever, but nothing short of proof positive that local production is as a whole more costly than the policy of importation, and if more costly that the extra cost involved is not worth paying for in view of the undoubtedly greater security afforded to the Army in India through local production should, I consider, impede progress to this end. This progress has during the last decade been rapid as a result of the Government of India insisting on the evolution of their declared policy. Very large sums during that period have been devoted to the development of the factories, and though this development has by no manner of means placed this country in a state of independence, a great stride in that direction has been made. Subject to the broad condition indicated above any curtailment of the factories' present capabilities of outturn would, in my opinion, be a retrograde step, involving great financial loss to Government owing to the non-utilization to the fullest extent of personnel, buildings and machinery provided in recent years, and also a measure prejudicial not only to the efficiency of the army in this country, but to India as a whole

Probably all will agree that the progress of India depends in a large degree in inducing the semi-educated classes in this country to pursue industrial occupations as an alternative to their practically universal ambition to obtain employment where industrial skill is not required. The Government factories in this country afford facilities for the technical instruction of some 14,000 natives under highly skilled supervision, facilities out of all proportion greater than any other at the disposal of Government, and from this point of view alone I think the question of any curtailment in production requires to be approached with the greatest caution.

15. There appears to be in some quarters an erroneous impression that the gun and shell, the rifle, and the gun carriage and the ammunition factories power of outturn has been so developed, that the requirements of a general rearmament can be locally produced in two or three years, and consequently that during periods of quiescence large sections of these factories will remain for prolonged periods unutilized. This is far from being the case; the development of these factories has only proceeded to the degree that a portion only, and that the smaller portion, of the requirements of rearmament can be so produced. It is the fact, that owing to the long time necessary to provide the Indian factories with matériel, plant, drawings, gauges, etc., the manufacture of a new rifle or of new artillery matériel, cannot be commenced in India probably for a period of 18 months or two years subsequent to the commencement of manufacture at Home, and that even then the Indian factories, in the absence of the experience and knowledge acquired at Woolwich during the four years or more spent in the evolution of the pattern, cannot as rapidly get to work as is the case at Home when the order to commence manufacture is given. The criticism is therefore sometimes made that the Army in India may suffer owing to delay in not obtaining the most efficient weapon at the earliest possible date. This criticism would have weight if financial exigencies ever permitted of a complete rearmament being effected in a single or even in two financial years. Such conditions however never obtain, and once manufacture is started in India a certain portion of the requirements, i.e., those for the latter period of rearmament can be as economically and as rapidly given by the factories in India as if obtained from Home. For many years to come under the present conditions of development of the factories, the earlier and larger portion of the requirements of a rearmament will have to be obtained from Home. It is essential to retain the capability of local manufacture of a proportion of requirements of rifles and artillery matériel for a rearmament,

primarily from the point of view that by this means alone can extensive repairs to most complicated stores be effected. Complete local manufacture of such stores is the only guarantee that the requisite skill and experience will be forthcoming.

16. The enormous cost of war matériel is a serious cause for financial anxiety, and the desire to control expenditure on this account within bounds, compatible with efficiency, is shared in by all responsible servants of Government. Due weight is perhaps however not always given to the fact, when attention is drawn to the expansion of the Ordnance estimates, that the equipment of a battery or a modern coast defence gun costs five times approximately what it did not so many years ago, and till the inventor ceases to find a remunerative field in designing still more destructive instruments of destruction, expenditure must increase.

17. While Government manufacture has in my opinion proceeded in most directions as far as is expedient and compatible with the present conditions and extent of skilled labour in India, and though it is necessary to consolidate our present position before making any further important forward movement, I must strongly deprecate any check being imposed on the present capabilities of the factories. With the exception of small arms for the manufacture of which the necessary industrial skill and facilities were not available, sixty years ago, from a date not long after the consolidation of our power in India, the primitive requirements of the Army in India were practically entirely locally produced. From those days up to the present the policy of self-reliance has been intermittently but in the main steadily pressed forward till in 1901, mainly on the representation of the then Military Member and the War Office, the Government of India decided to establish a rifle factory, and thus the most important of all war stores was removed from the category of those that could not be locally produced.

18. In conclusion I desire to record my opinion and in doing so venture to make use of the words of Lord Kitchener in 1909 when the factories had reached their present state of development and when the policy of local manufacture was previously called in question: "the position we have now succeeded in obtaining as regard rendering India independent of Home in time of war and capable of supplying locally ordnance war matériel should never be lost or tampered with: it is of vital importance."

SIMLA ; } R. C. O. STUART, *Major-General,*
15th June 1912. } *Director General of Ordnance in India.*

ANNEXURE "A."

Statement showing value of Buildings, Machinery and other Capital on 31st March 1912.

Item.	Ammunition Factory, Dum Dum.	Ammunition Factory, Kinkee.	Cordite Factory, Aruvankadu.	Gun Carriage Factory, Jubbulpone.	Gun and Shell Factory, Cossopore.	Harness and Saddlery Factory, Cawnpore.	Rifles Factory, Ishapore.	Total.
Buildings	10,80,180	7,65,700	15,04,863	19,02,095	32,79,619	6,02,477	19,31,710	1,10,66,644
Buildings incomplete on 31st March 1911	400	74,606	37,720	7,764	35,297	1,00,302	15,409	3,02,931
Machinery and Dead Stock	6,68,234	5,14,447	13,85,292	11,63,596	36,25,858	3,24,342	18,85,801	95,67,570
Land	42,005	32,132	87,366	36,211	7,85,795	27,000	1,16,971	11,27,480
Lakes and Reservoirs	...	...	...	...	9,852	...	17,469	1,20,247
Roads	7,835	1,793	15,401	46,711	36,352	...	13,134	1,21,226
Roads incomplete on 31st March 1911	...	...	...	...	2,782	...	...	2,782
Old G. P. Buildings held in Reserve	...	...	...	...	6,819	...	68,811	75,630
Gas and Water mains	380	20	1,52,440	1,36,172	40,088	47	35,912	3,74,059
Gas and Water mains incomplete on 31st March 1911	...	...	...	...	185	...	...	185
Railway lines	3,409	9,222	...	...	3,738	71,611	...	1,06,140
Tramways	8,451	7,927	44,887	...	27,888	55,715	...	1,49,790
Steam launch and barge	220	10,823	...	...	28,492	...	28,492	...
Drains	...	36	38,899	21,748	847	96	70,671	96
Drains incomplete on 31st March 1911	...	...	...	...	3,883	...	...	3,883
Levelling sites	...	...	...	4,198	7,666	...	...	11,864
Expenditure on Kalpi plantation	...	...	...	...	...	36,126	...	36,126
Total	18,85,038	13,69,181	38,05,950	34,10,008	80,61,584	10,09,030	41,24,929	2,31,65,720

ANNEXURE "B."

Statement showing value of Stores in Stock as per stock ledgers of each factory on 31st March 1911.

Establishment.	Value of stores in stock.	Remarks.
	Rs.	
Ammunition Factory, Dum Dum	35,84,948	
Ammunition Factory, Kirkee	39,25,945	
Cordite Factory, Aruvankadu	13,11,082	
Gun Carriage Factory, Jubbulpore	25,89,820	
Gun and Shell Factory, Cossipore	59,88,317	
Harness and Saddlery Factory, Cawnpore	29,78,106	
Rifle Factory, Ishapore	15,77 580	
	<hr/>	
Total ...	2,19,55,798	

ANNEXURE "C."

Statement showing numbers and cost of the Salaried Establishment including Police Guards in each factory, 1910-11.

Establishment.	Numbers of Salaried Establishment, including Police Guards.	Cost.	Remarks.
		Rs.	
Ammunition Factory, Dum Dum	77	1,97,036	
Ammunition Factory, Kirkee	101	1,86,875	
Cordite Factory, Aruvankadu	164	28,1,797	
Gun Carriage Factory, Jubbulpore	101	2,09,093	
Gun and Shell Factory, Cossipore	117	3,45,001	
Harness and Saddlery Factory, Cawnpore ...	94	1,39,098	
Rifle Factory, Ishapore	68	2,13,015	
	<hr/>		
Total ...	772	15,71,915	

ANNEXURE "D."

Statement showing numbers and cost of the "Extra" Establishment in each factory.

Establishment.	Average numbers of Extra Establishment taken from reports of 1909-10.	Cost in 1910-11.	Remarks.
		Rs.	
Ammunition Factory, Dum Dum	2,512	3,26,249
Ammunition Factory, Kirkee	2,097	3,07,128
Cordite Factory, Aruvankadu	589	1,01,606
Gun Carriage Factory, Jubbulpore	1,465	3,33,878
Gun and Shell Factory, Cossipore	3,644	7,41,966
Harness and Saddlery Factory Cawnpore	1,652	2,17,591
Rifle Factory, Ishapore	1,726	4,21,745
Total	...	13,685	24,50,133

ANNEXURE "E."

Statement showing the value of the yearly outturn of the various factories based on the average for last 3 years for which figures are available.

Establishment.	Cost of outturn, i.e., of articles made up and issued from factories (including certain components).	Remarks.
	Rs.	
Ammunition Factory, Dum Dum	30,74,782
Ammunition Factory, Kirkee	24,35,015
Cordite Factory, Aruvankadu	6,34,437
Gun Carriage Factory, Jubbulpore	15,67,670
Gun and Shell Factory Cossipore	12,13,093
Harness and Saddlery Factory, Cawnpore	16,84,135
Rifle Factory, Ishapore	12,66,159
Total	...	1,18,75,291

ANNEXURE "F."

Statement showing principal articles of Raw Material of Europe Supply maintained in Indian Ordnance Factories as a war reserve.

Materials, components, semi-manufactured articles and tools, are maintained for the manufacture of the following required during the first year of war :—

- (a) 75 million rounds of .303 inch ball ammunition.
- (b) 15,000 rounds of ammunition per machine gun in coast and inland defences (except trans-Indus defences).
- (c) 500 rounds per gun for 42 Batteries of Royal Horse and Field Artillery in the Field Army, *plus* 50 rounds per gun for 11 Batteries not in the Field Army.
- (d) 500 rounds per gun for 14 Mountain Batteries detailed for the Field Army *plus* 50 rounds per gun for 6 Mountain Batteries not in the Field Army.
- (e) 500 rounds per piece for the 3 B. L. 5-inch Howitzer Batteries in the Field Army.
- (f) 250 rounds per piece for 12 Heavy Batteries in the Field Army (2 B. L. 30 pr. 6 B. L. 4-inch and 4 B. L. 5-inch guns) and for 12 B. L. 6-inch howitzers with the Siege Train, also 50 rounds for 8 B. L. 4-inch, 12 B. L. 5-inch guns, 14 B. L. 5·4-inch and 28 B. L. 6-inch howitzers in the movable armaments of Frontier Defences.
- (g) Ironwork for 7,700 sets of G. S. pack transport harness, except saddles, to be kept made up at Cawnpore.
- (h) Ironwork and metal components including spanners for 2,000 Army Transport Carts, to be kept made up at Jubbulpore.

The reserves will be maintained as under :—

Europe Supply stores	...	...	...	Full quantity.
Stores obtained from other Ordnance Factories except fuzes, tubes, primers, and cordite	...	...	...	$\frac{1}{2}$ full quantity.
Cordite—maintained at Cordite Factory	...	...	...	"
Fuzes, primers, and tubes, obtained from other Ordnance Factories	...	...	...	$\frac{1}{2}$ "
Local purchase stores	...	...	...	Nil.

The attached statement shows the principal articles of imported raw material which are maintained in reserve in the various Ordnance Factories.

Principal articles of raw material of Europe supply maintained in reserves.

Item	Number or quantity.	Item.	Number or quantity.
Aluminium, pure ... lbs.	75,321	Bricks, fire, of sorts	... No. 2,97,218
Copper, Ingots ... Cwts.	21,000	Cement, Silica ...	... Cwts. 800
Iron, cast, pig, special, for steel making, Hematite, English ... "	7,350	Coke, English ...	... " 4,608
Nickel, pure ... "	1,600	Fire clay, English ...	... " 998
Rings, Copper, B. L.— 5·4-inch and 6-inch ... No.	2,632	Gannister ...	... " 442
Steel, Mild, bars, round— 6-inch ... Cwts.	5,730	Glycerine, pure ...	... " 1,271
		Magnesium ... lbs.	1,396
		Oil Sperm ... Galls.	8,303

Item.	Number or quantity.	Item.	Number or quantity.
Steel, Mild, bars, round—			
6½ inch Cwts.	618	Soda Nitrate, Commercial ... Cwts	7,905
5 „ „ „ „	4,250	Sodium silicate ... lbs.	11,250
Steel, strip for chargers ... „	7,500	Turpentine, spirits of ... Galls.	8,000
Tin, ingot lbs.	61,740	Wine, spirits of ... „	2,482
Tin sheet of sizes Nos.	349,581	Cotton waste for gun cotton ... Cwts.	1,180
Tubing, brass, solid drawn ... R. ft.	70,309	Antimony regulus ... lbs.	216,207
Tubing, copper solid drawn, for driving bands ... „ „	18,455	Antimony, Sulphite ... „	3,845
Zink cake, Birth ... „	6,000	Brimstone Cwts.	3,641
Crucibles, plumbago ... No.	2,493	Acid picric ... lbs.	97,002
Piercers, cartridge, .303 inch ... „	18,611	Gunpowder of sorts ... „	34,704
Acetone, commercial ... Cwts.	990	Picric powder ... „	2,526
Acid, Nitric, pure lbs.	1,544	Cases, charger, .303 inch, cartridge (semi-manufactured) ... No.	3,825,000
Barium, Nitrate pure ... „	2,567	Mercury ... lbs.	1,615

ANNEXURE "G."

Memorandum by Mr. E. E. Harvey, Chief Accountant.

I have taken the English and India Ordnance Factories annual Accounts for the year 1909-10 and an analysis thereof gives the following factors in the cost of production. The value of production for India has been taken at the figure shewn in the printed Annual Account. It probably does not include stores made up for stock, but in this respect it agrees with the English Account which excludes from production, material made up for store such as billets, blooms, conversion of timber, half wroughts, etc. Moreover as by far the larger portion of stores made up for store are really to meet the requirements of extracts, the cost is included as material in the cost of outturn:—

England.

	£
Depreciation on machinery and buildings charged to production ...	158,462
Material ...	955,551
Salaries ...	80,868
Wages ...	1,258,662
Miscellaneous ...	37,645
Non-effective ...	<u>29,190 Production £469,873</u>
Total	<u>2,469,873</u>

The approximate percentage of the various factors to the total cost of production is as follows:—

Depreciation on machinery and buildings charged to production ...	6 per cent.
Material ...	39 "
Salaries ...	1 "
Wages ...	51 "
Miscellaneous ...	2 "
Non-effective ...	<u>1 "</u>
Total	<u>100</u>

India.

	Rs.	A.	P.	£	Rs.	A.	P.
Depreciation on machinery and buildings charged to production ...	11,87,477	11	6	79,165			
Material ...	63,01,583	4	9	420,106			
Salaries and Exchange Compensation Allowance ...	15,87,872	15	9	105,825			
Wages ...	25,83,521	11	1	168,901			
Miscellaneous and adjustments ...	2,94,523	11	7	19,685			
	1,57,668	0	9	10,511,	1,23,31,544	1	10
Non-effective ...	2,69,401	10	5	17,960	Production £822,103		
Total	1,23,31,544	1	10	822,103	822,103		

The approximate percentage of the various factors to the total cost of production is :—

Depreciation on machinery and buildings charged to production	...	10 per cent.
Material	...	51 "
Salaries ...	...	13 "
Wages ..	...	20 "
Miscellaneous	...	4 "
Non-effective	...	2 "
		Total
	...	100

It will be seen that where as in England only 10 per cent of the cost of production is represented by expenses other than wages and material, spent either directly or indirectly in producing outturn, in India these expenses represent nearly 30 per cent of the total cost of production.

It is undeniable that the Indirect Expenditure in India is enormously high but the real point to be determined is whether the cost of labour and material in India is so much less than in England that an addition of 3/7ths to the former is in the aggregate less than the corresponding labour and material cost in England *p/lus* an addition of 1/9th. So far as I have been able to make a comparison, labour in India Ordnance Factories costs about 36 per cent of that in England, but on the other hand material is some 25 per cent dearer.

On this basis we get the following results :—

	<i>England.</i>	<i>India.</i>
Wages...	... 100*	36 *Wages and material are not of equal value however.
Material	... 100*	125
1/9 of 200	... 8/7 of 161 for	
for other expenses ...	... 22 other expenses	69
	Total	230

Bearing in mind that India Ordnance Factories costs include appreciable expenditure incidental to inspection, packing, issuing, store-keeping and book-keeping from which English Ordnance Factories costs are exempt, and that if importation were resorted to, English costs would be inflated by the addition of Departmental expenses, freight, landing, and other transport charges, the balance of advantage is probably on the side of manufacture in India. The margin however is small, and the urgent need in India is to cut indirect expenditure as much as possible.

I attach a comparative statement shewing the English and India cost in labour, material, and Indirect charges of certain stores made both in the Home and India Factories. This statement is only illustrative, since in only a few cases have I the English costs in detail.

Statement showing comparative cost in Labour, Material, and Indirect Expenditure of certain stores manufactured both in Home and Indian Ordnance Factories.

Item.				Labour.	Material.	Indirect.	Total.
				£ s. d.	£ s. d.	£ s. d.	£ s. d.
<i>Rifles, short, Mark III.</i>							
Bands, outer	...	...	...	...{ E I	0 0 4 0 0 3	0 0 1 0 0 4	0 0 3 0 1 0
Barrels	...	...	...	...{ E I	0 9 3 0 6 2	0 1 0 0 2 11	0 6 5 1 2 1
Bodies	...	...	...	...{ E I	0 4 11 0 3 9	0 1 1 0 2 8	0 3 5 0 13 10
Bolts, Breech	...	...	...	...{ E I	0 1 11 0 1 5	0 0 3 0 0 11	0 1 4 0 5 3
Bolts, locking	...	...	...	...{ E I	0 0 3 0 0 2	0 0 1 0 0 4	0 0 2 0 0 9
Bolts, stock	...	...	...	...{ E I	0 0 2 0 0 1	0 0 1 0 0 1	0 0 1 0 0 6
Caps, nose	...	...	...	...{ E I	0 1 7 0 1 1	0 0 5 0 0 9	0 1 1 0 4 3
Cooking, pieces	...	...	...	...{ E I	0 0 7 0 0 4	0 0 1 0 0 1	0 1 1 0 1 3
Guards, Hand, Front	...	...	...	...{ E I	0 0 6 0 0 2	0 0 5 0 0 9	0 0 4 0 0 9
Guards, Trigger	...	...	...	...{ E I	0 1 1 0 0 11	0 0 3 0 0 7	0 0 9 0 3 6
Heads, Breech, Bolt	...	...	...	...{ E I	0 0 11 0 0 7	0 0 1 0 0 2	0 0 7 0 2 3
Magazines	...	...	...	...{ E I	0 1 1 0 0 8	0 0 2 0 0 5	0 2 0 0 2 2
Plates, Butt	...	...	...	...{ E I	0 0 9 0 0 5	0 0 5 0 1 5	0 1 8 0 3 8
Protectors, sight, Back	...	...	...	...{ E I	0 0 5 0 0 2	0 0 1 0 0 1	0 0 4 0 0 7
Stocks, Butt	...	...	...	...{ E I	0 0 7 0 0 3	0 1 7 0 2 0	0 2 6 0 3 5
Stocks, Fore-end	...	...	...	...{ E I	0 1 4 0 0 7	0 2 8 0 3 8	0 4 11 0 6 6
Cutt-offs...	...	...	...	...{ E I	0 0 6 0 0 5	0 0 1 0 0 1	0 0 4 0 1 8
Assembling	...	...	...	...{ E I	0 1 5 0 1 2	0 0 1 ...	0 2 10 0 4 1

Item.		Labour.	Material.	Indirect.	Total.
		£ s. d.	£ s. d.	£ s. d.	£ s. d.
<i>- Cartridges, Small Arms ball, .303 inch ammunition:-</i>					
Bullets, per 100,000 ...	... " "	" { E 26 8 3 I 5 10 7	77 5 2 105 14 0	19 7 8 13 6 1	123 1 1 124 10 8
Cases, per 100,000 ...	... " "	" { E 49 6 11 I 12 4 9	121 14 0 138 9 9	35 6 10 32 10 10	206 7 9 183 9 4
Caps, per 100,000 ...	... " "	" { E 6 13 10 I 1 2 4	6 5 11 4 19 4	6 1 11 3 0 6	19 1 8 9 2 2
<i>Cartridges, Q. F. 13 and 18-pr. (per 100).</i>					
Primers, percussion, empty, 13 and 18-pr. ...	... " "	" { E 1 1 11 I 0 14 9	0 15 0 1 4 4	1 1 2 1 18 1	2 18 1 3 17 2
Clips, Cartridge 18-pr. ...	... " "	" { E 0 11 2 I 0 4 11	1 0 0 0 19 3	0 7 8 0 18 5	1 18 10 2 2 7
Clips, Cartridge 13-pr. ...	... " "	" { E 0 11 0 I 0 5 2	0 18 3 0 14 10	0 7 6 0 15 2	1 16 9 1 15 2
Cases, empty, 13-pr. Q. F. ...	... " "	" { E 5 7 7 I 2 3 7	11 7 10 14 1 5	5 19 8 8 4 3	22 15 1 24 9 3
Shell, shrapnel, empty, 18-pr. ...	... " "	" { E 18 19 10 I 6 18 7	14 7 11 24 7 0	20 6 0 27 6 9	*53 13 9 58 12 4
Shell, shrapnel, empty, 13-pr. ...	... " "	" { E 16 7 11 I 6 3 0	11 4 11 15 4 9	18 3 8 22 4 6	45 16 6 43 12 3
Cases, empty, 18-pr. Q. F. ...	... " "	" { E 5 9 5 I 2 4 2	11 16 1 13 6 9	6 2 4 8 17 8	23 7 10 24 8 7
<i>Ordnance Q. F.</i>					
Ordnance, Q. F. 18-pr. ...	... " "	" { E 99 2 3 I 30 1 1	79 1 7 106 18 9	213 19 5 114 0 5	392 3 3 250 15 3
Catch, retaining, Breech, screw ...	... " "	" { E 0 7 3 I 0 7 0	0 0 4 0 0 1½	0 12 0 1 1 7	0 19 7 1 8 8½
Extractors ...	... " "	" { E 1 16 8 I 0 16 10	0 3 0 0 1 10	3 5 4 2 19 8	5 4 7 3 18 4
Screws Breech ...	... " "	" { E 8 1 8 I 1 15 9	0 17 10 1 2 9	15 10 11 6 7 11	24 10 5 9 6 5
Strikers ...	... " "	" { E 4 9 4 I 1 19 1	0 2 7 0 1 0	7 4 7 7 3 10	11 16 6 9 3 11
Ordnance Q. F. 13-pr Extractors	... " "	" { E 1 16 3 I 0 16 2	0 3 0 0 3 3	3 5 8 2 12 8	5 4 11 3 12 1
<i>Ordnance B. L. 6-inch</i>					
Locks E. and P....	... " "	" { E 8 4 9 I 6 5 3	0 4 0 0 4 4	14 9 4 12 19 6	22 18 1 19 9 1

* This cost is taken from the accounts of a few years ago as it shows the detail of labour and material. The accounts for 1909-10 give the total cost as £59-11-8.

APPENDIX VII.

Note regarding the manufacture of rifles and field guns in India.

**By MAJOR-GENERAL SIR MALCOLM GROVER (LATE) SECRETARY TO THE
GOVERNMENT OF INDIA IN THE ARMY DEPARTMENT.**

THE MANUFACTURE OF RIFLES AND FIELD GUNS IN INDIA.

On the 25th August 1900, in a note to the Director-General of Ordnance in India, The Hon'ble Military Member (General Sir E. Allen) raised the question of manufacturing small arms in India. He pointed out that if the Amir and the Nepal Durbar could manufacture Martini-Henrys we should also be able to do so, remembering the cheapness of labour and the fact that suitable sites were available owing to the reduction of black powder factories. He considered that it might possibly suit a private firm to erect a manufactory for us out here as we had to depend largely upon the trade for our supply of arms

2. The Director General of Ordnance in India (General Wace), in a note dated 20th September 1900, replied that the manufacture of small arms in India had never been seriously thought of before. He considered that, given a suitable European staff, the manufacture of rifles was practicable and should prove a success, that suitable steel for the purpose could be made at Cossipore and that Ishapore was a suitable site. He based requirements on the assumption that we should in future maintain our own reserves by manufacture, and cease to import barrels and all components of arms, and was of opinion that a factory should be established on a basis of manufacture of 25,000 rifles annually. This number was evidently to meet ordinary wastage and not to re-arm. He claimed the following advantages if the proposal were carried out :—

- (1) Independence of Home supply to a very considerable extent as regards rifles, and entire independence as regards replacement of component parts of rifles.
- (2) Economy.
- (3) The presence of a much needed staff of experts to advise in all matters relating to the repair and condemnation of small arms.

3. The Hon'ble Member in charge of the Finance Department (Sir E. Law), in his note of the 3rd October, said that the proposal was well worth considering from the military point of view, whilst from the general standpoint it was highly important since it would encourage industries and training skilled men in India. He thought however, that we could hardly offer sufficient inducement to private enterprise.

4. His Excellency the Viceroy (Lord Curzon) on the 11th January 1901 noted that the proposal offered the strongest *prima facie* recommendations. He brought out strongly the advantage of being independent of Home supply and said that if we had a big war in India simultaneously with two contingencies :—(1) that we had temporarily lost command of the sea, (2) that the British army was engaged elsewhere and we had exhausted all the reserves of small arms at Home,—we should be in an unenviable position in the event of our own supplies giving out. He gave orders that the proposals should be thoroughly threshed out.

5. The proposal was considered in Council for the first category of the Schedule in March 1901. It was accepted for half a lakh to make a beginning. The Hon'ble Member asked the Director-General of Ordnance to consider and indicate the steps to be taken.

On the 28th March 1901, in a despatch to the Secretary of State, he was informed that the proposal had been accepted in principle and subject to his approval.

6. In the meanwhile a despatch, dated 15th March 1901, was received from the Secretary of State, forwarding a letter from the War Office to the

India Office, which was dated the 20th February 1901. This letter pointed out that owing to the great demands for rifles due to the South African War, the reserves in England had fallen below the proper strength, and went on to say that some years would pass before the supply of new rifles for the requirements of the Imperial Army could be met, without taking into consideration the requirements of the Navy, India and the Colonies. The letter after offering the suggestion that it was a matter for the consideration of the Government of India whether a small arms factory sufficient to meet the requirements of India including the conversion of the rifles in the hands of the troops should be established in India, concluded with the words :—“the Commander-in-Chief urges the importance of India being self-supporting as regards arms, in view of the difficulty which might be experienced in keeping India supplied in the event of war with a European Naval power, Mr. Brodrick therefore thinks it right to bring this question to the consideration of the Secretary of State for India.” The Secretary of State in the same despatch said that he would further address the Government of India on the important suggestion contained in the War Office letter quoted above.

7. The Government of India was therefore addressed again on the subject on the 14th June 1901, in which their despatch of the 28th of March which had been received in the meantime, was acknowledged and the proposal sanctioned. In this letter the Secretary of State emphasized the difficulty which was being experienced in obtaining any considerable quantity of small arms in England especially in times of pressure, and stated that it afforded a strong argument in favour of the measure and illustrated the importance of making India as far as possible self-supporting in this respect.

8. The following are a few extracts of a note, dated 10th May 1909, of General Mahon's (Director General of Ordnance) in reply to a note of Mr. Ashmore's, dated the 9th January 1909, in which the latter stated that the expenses of local manufacture in ordnance factories which were growing annually would reveal the fact that it has not lead to economy, but rather to extra expenditure :—

(1) “In reviewing the question of manufacture in peace time there are other considerations besides the mere question of whether certain articles are made at a nominally cheaper rate than the imported value. It should not be difficult to conclude that the greater part of the outturn, *i.e.*, that which relates to field artillery and small arms ammunition harness, saddlery, and vehicles must be continued, and as a consequence the establishments necessary to maintain this manufacture must be paid for. If this is the case, to reduce the outturn by the items which enquiry may show to slightly or even considerably exceed imported rates, is a question which can be approached from two sides. If reduced, the proportion of the indirect charges which they bear must fall on the articles retained, and their normal cost rises. It would seem more economically sound in such cases to regard the expenditure merely as one of labour and material and exclude the establishment charges which must be paid for in any case. From this point of view it is certain that no article, be it what it may, can be imported for less than it can be manufactured locally.”

(2) “I think there is little doubt that ordnance manufacture is very heavily burdened (more so than in England) in respect of certain charges over which I have no control. For example, depreciations on buildings cost local outturn over $4\frac{1}{2}$ per cent of the total, against under 2 per cent in England. Superannuation charges cost me 2 per cent against about 1 per cent. in England.”

9. On the question of the manufacture of field guns in India, the Secretary of State in a despatch, dated 29th April 1904, forwarded a letter from the War Office to the Under Secretary of State for India. In this letter the Secretary of State for War said that though the manufacture of field guns in India would undoubtedly to some extent be prejudicial to the Ordnance factories and to

private manufacturing firms at Home, advantages would be gained by extending the sources of supply of warlike matériel within the Empire, and by making India more independent than she now is. The Secretary of State for War considered therefore, that the proposal should be given effect to.

10. In a note by the present Hon'ble the Finance Member, dated 7th May 1911, on the Annual Administration Report of the Ordnance Department in India for the official year 1909-10, he states "I quite realize the necessity for India to be able to manufacture her own ammunition, or, again, her own leather and carriage work for which we have the raw material on the spot. But it is essential from the military point of view that she should also be able to manufacture her own rifles and her own guns? To take the case of rifles, this is a military requirement for the supply of which enormous establishments both public and private, exist at Home. It is quite possible I suppose to maintain in India a reserve of any desired magnitude. The rifle itself is a weapon which is liable to frequent change. The whole of the experimenting and so forth for new weapons is done at Home and not out here. Why cannot we in this case rely on the Home market?"

11. It is added for information that :—

	Rs.
(a) The present value of the Rifle Factory buildings is as nearly as possible	... ... ... 19 lakhs.
(b) The value of the machinery	... ... ... 17 ,,
(c) The value of the stores in stock	... ... ... 15 ,,
	<hr/>
Total	... 51 ,,
	<hr/>
	Rs.

The *monthly* cost of the permanent establishment is approximately 15,000
The *annuwl* cost of the artificers 4,50,000

The present cost of the short rifles if imported from England is about Rs 63-0-0.

The cost manufactured at Ishapore was :—

	Rs. A. P.
In 1908-09	... ... ... 241 4 0
In 1909-10	... ... ... 109 8 0
In 1910-11	... ... ... 99 8 5

The figures for 1911-12 are not yet available officially, but are estimated at something less than Rs. 90.

12. The method of arriving at the above prices is as under :—

Direct labour in manufacture

plus

Materials actually expended

plus

Shop charges, *i.e.* coal, power, etc.

plus

General charges

The general charges include the cost of all permanent establishments, depreciation on buildings (3 per cent), depreciation on the plant (10 per cent), superannuation allowances, pensionary charges, etc., etc.

M. H. S. Grover,—1-5-12.

APPENDIX VIII.

Note containing a consideration of the force required to deal with a general rising of the tribes on the North-West frontier at the instigation or with the active assistance of the Afghans.

BY THE CHIEF OF THE GENERAL STAFF.

SECRET.

Force required to deal with a general rising of the tribes on the North-West Frontier and Afghanistan.

1. The situation above mentioned might arise either simultaneously, in accordance with a preconceived plan engineered at Kabul, or, as a result of spasmodic risings culminating in a state of affairs similar to that of 1897, with the addition of such active participation from beyond the Durand Line as would make it imperative for the Government of India to take offensive measures against Afghanistan, in order to exact reparation and to restore peace.

2. The total force estimated as requisite to deal simultaneously with all the various tribes along the North-West Frontier, and at the same time put into operation the existing plan for the invasion of Afghanistan, is shown in detail in Annexure A. This table shows the force required for each separate plan of campaign, framed at Army Headquarters to deal with a tribe or group of tribes as an independent operation ; but the total of these forces can be considerably reduced owing to the mutual support that would be afforded to each other by bodies of troops operating in adjoining sections of the tribal country.

It is clear that this sum total of 15 Divisions, even if considerably reduced, cannot be made available, nor would our existing transport resources in India suffice for its equipment and maintenance ; we must therefore consider how far the situation under discussion can be dealt with by limiting our action in certain theatres, in order to develop strength at other and more essential points.

3. Discussing first the case of a simultaneous rising engineered at Kabul, we may say that, the Afghans being the instigators of the trouble as well as our most formidable opponents, it would at first sight appear advisable to adopt defensive measures against the tribes and strike as heavily as possible against Afghanistan.

It is doubtful, however, if an advance on Kabul could be safely undertaken on the Northern and Central Lines with actively hostile and unsubdued tribes on both flanks of the advance.

4. The question of adopting defensive measures in the north, while striking at Kabul by a line of less resistance *via* Kandahar and Ghazni, therefore requires consideration.

The following are the salient points regarding this line of action :—

- (a) According to existing plans, it is considered that a force of 1 Division and two Cavalry Brigades would be sufficient to occupy Kandahar, and that this operation could be carried out within about a month from the order to concentrate.
- (b) The 5' 6" gauge railway from Chaman might reach Kandahar in three months from the date of work commencing.
- (c) The distance from Kandahar to Kabul is 310 miles, the road being suitable for wheeled traffic.
- (d) The minimum force, *i.e.*, 2 Divisions and 2 Cavalry Brigades, exclusive of Line of Communication troops, which would suffice for an advance on Kabul from Kandahar, could not be supported at a distance of 300 miles by a line of animal transport, and therefore an advance on Kabul could not be made until a line of rail had been constructed for at least half the distance from Kandahar *via* Ghazni.
- (e) While the country north of Kandahar may be classed as moderately easy for railway construction, yet with an average rate of $\frac{1}{2}$ mile a day, half the distance, 150 miles, would take 10 months. Assuming therefore the advance over the remaining distance to be main-

tained by a line of animal transport the occupation of Kabul by this route could not be anticipated in less than a year from the outbreak of hostilities.

It is true that an advance from Kandahar on Kabul might conceivably be assisted by co-operation, and the opening of lines of supply, *via* the Tochi or Kurram routes, but this would demand the provision of a very large amount of animal transport as well as the subjugation of the tribes on those routes. If some such co-operation were contemplated it would be simpler and quicker to advance on Kabul from those directions *ab initio*, thus avoiding the long detour and consequently delay due to advancing *via* Kandahar.

The effect of remaining on the defensive in the north, while such protracted operations against Kabul from the south were in progress would also be dangerous from the point of view of prestige, both along the frontier and in India. This plan of operations is, therefore, discarded without further comment.

5. It having been thus decided that it would be inadvisable either to attempt a direct advance on Kabul before the intervening tribes had been subdued, or to remain on the defensive on the north, while attacking from Kandahar, the following course is suggested :—

- (i) to deal first with those tribes, whose strength and geographical position render them most formidable, or who lie along our route to Kabul ;
- (ii) to defeat any Afghan forces which may appear in tribal territory, and to occupy a position from which we can prevent help from Kabul reaching the tribesmen ;
- (iii) to adopt defensive measures in less important localities ;
- (iv) meanwhile to bring in direct pressure to bear on the Amir by occupying Kandahar, with the possible intention of further advance should circumstances render it desirable.

6. To arrive at an estimate of the feasibility of the above measures and of the force required, we may consider the situation of the various tribes enumerated in Annexure A.

- (i) *Swatis, Bunerwals and Bajauris.*—Owing to the probable isolation of our posts on the Malakand and the possibility of the disturbance, if unchecked, spreading northwards to Chitral, we could not refrain from offensive operations in this area, requiring a field force of about one Division.
- (ii) *Mohmands.*—It is probable also that offensive operations will be unavoidable in this section owing to the power of the tribe for aggression into the Peshawar plain, their position on the flank of the Khyber line of advance and to the probability of Afghan forces assisting in such aggression. Force required 1 Division in this case also.
- (iii) *Afridis and Orakzais.*—As these are most powerful border tribes, who can threaten both our Northern and Central Lines of advance, the plan of operations for the invasion of Tirah should be put into execution. Force required about $2\frac{1}{2}$ Divisions.
- (iv) *Kohat Pass Afridis.*—Though occupying an important strategical position, this tribe is very vulnerable. They might be dealt with by flying columns from Peshawar and Kohat, during the mobilization of the Tirah Field Force and a separate force need not be detailed.
- (v) *Mahsuds.*—Though powerful and truculent, this tribe does not occupy a position from which it can do much harm. The Bannu and Dera-jat Brigades, reinforced by 1 Battalion each should be able to prevent serious aggression on the part of the Mahsuds and other Wazirs along the border, without undertaking an invasion of tribal territory. If necessary, the Tochi and Gomal Agencies might be evacuated, as a lesser evil than that of having to detail troops to keep open communications in these valleys. The addition of 1 Cavalry Brigade to each of these Frontier Brigade areas would practically ensure the maintenance of order along the border.

7. As regards preliminary action against the Afghans, it would be most important to hold the exit from the Khyber at Dakka, both for reasons of prestige and because from Dakka we could intercept aid in men and munitions intended for the Afridis.

One Division and one Cavalry Brigade should suffice for this purpose.

As soon as operations against the Afridis and Mohmands had been well started this force could advance to Jalalabad, with the addition of 1 Division in support at the exit of the Khyber, the line through the pass being safeguarded to a great extent by the operations against the tribes. The occupation of Jalalabad would have considerable moral effect along the frontier and would cut off the Mohmand country from help from Afghanistan.

8. The occupation of Kandahar would in the meantime be undertaken by 1 Division and 2 Cavalry Brigades with Army Troops, as detailed in the existing plan for this operation.

9. The total force required for these operations would thus amount to—

Operations on Malakand .. ..	.. 1 Division.
„ against Mohmands .. ..	.. 1 „
„ in Tirah .. ..	.. 2½ Divisions.
Protective measures on Bannu and Derajat Borders ..	2 Cavalry Brigades, 2 Battalions and existing garrisons.
Occupation of Jalalabad .. ..	.. 1 Cavalry Brigade, 2 Divisions.
Occupation of Kandahar .. ..	.. 2 Cavalry Brigades, 1 Division. With the addition of certain artillery and engineer units.
Line of Communication Troops to Kandahar ..	.. 1½ Cavalry Regiments, 1 Infantry Brigade.

In addition as fighting would be in progress from the Malakand to the Kurram Valley, it would probably be necessary to place 1 Division and 1 Cavalry Brigade in reserve in the 1st and 2nd Divisional Areas making a total of—

9 Divisions,

6 Cavalry Brigades,

1½ Cavalry Regiments,

2 Infantry Battalions,

and certain additional artillery and engineer units,

plus the existing garrisons of the Bannu and Derajat Brigades required for defensive measures on these borders and minus a proportion of field artillery units, which could not be usefully employed in tribal territory.

The above is irrespective of forces required for internal security in India, and to a certain extent contingent on some units detailed for that purpose being made available for active operations. Imperial Service Troops might, however, replace some of those detailed above for the field.

10. In the above estimate the possibility of operations south of the Gomal and in Baluchistan has not been provided for. Should disturbances break out in this direction, it is probable that the advance on Kandahar would have to be abandoned for the time, and the tribes dealt with by the troops detailed for that part of the plan.

11. As regards the order in which the various operations indicated above should be undertaken, it is probable that this will be dictated by events in tribal territory and in Afghanistan, but it will be important, from all points of view, to occupy Dakka as early as possible, and this operation should be undertaken by the first Division available, irrespective of the mobilization of forces to invade tribal territories.

12. The course of events will determine our subsequent action, but as the operations against the tribes are completed one of the main difficulties of an advance on Kabul will have disappeared, and it is probable that the existing plan of campaign for that operation could be carried out with the forces already employed.

In this case the Divisions from the Malakand and Mohmand countries might be used to support the advance from Jalalabad on the Northern Line and those from Tirah might move to Parachinar for use on the Central Line.

13. Should the different tribes rise not simultaneously, but more or less in succession, the force required would be approximately the same, except that if the first disturbance occurred in Waziristan, we should have commenced operations by sending 1 Division to that area. This would involve the use of an extra Division making a theoretical total of 10 Divisions, if we adhered to the plan already detailed. But as we have not got this number of field Army Troops, we should have to economise in other directions by either dispensing with the Reserve Division or adopting defensive measures in other directions according to circumstances.

14. As the most difficult probable combination of conditions has been assumed, and as other variations would probably involve lesser complications and the employment of a smaller number of troops it is not deemed necessary to discuss them in this paper.

15. In framing the above plan it has been considered that no increase to the numbers of troops for the invasion of any section of tribal territory would be required as a result of the active assistance of the Afghans. If, as suggested, Dakka is promptly occupied, Afghan troops will be chary of venturing in large numbers into tribal territory owing to the danger to their line of retreat.

Further, Afghan organization is scarcely capable of maintaining an extended line of supply into tribal territory and Afghan reinforcements would expect to live on the country. This would soon cause resentment in territory where supplies are already scanty and it is improbable therefore that large numbers of Afghans will be encountered there.

Considerable assistance in arms and ammunition would, however, be afforded until we could intercept the supply.

16. The total number of troops required for the operations as detailed in paragraph 9, is approximately, 134,000 combatants, fighting strength 97,200 rifles, 14,000 sabres and 300 guns. This is 14,000 in excess of the estimate given in the Report of the Sub-Committee of Imperial Defence on the Military Requirements of the Empire (India).

It will be observed that this plan only contemplates, in the first instance a limited offensive against Afghanistan and further confines us to a strict defensive along the Waziristan border.

This force is, however, considered to be the minimum with which the situation could be met, for any attempt to economise troops by further limiting our offensive in any section would probably result in increasing our difficulties later, owing to the loss of prestige and encouragement to increased effort on the part of our enemies, which such defensive attitude would entail

P. LAKE, Lieutenant-General,
Chief of the General Staff.
O'M. C(REA GH).

20th July 1912.

ANNEXURE A.

Statement, compiled from existing plans of operations, showing forces required for operations against Afghanistan and the tribes on the North-West Frontier.

Plan of operations.	Divisions.	Cavalry Brigades.	Other units.	REMARKS.
AFGHANISTAN.				
(1) Occupation of Kandahar	1	2	..	
(2) Occupation of Kabul ..	4	2	..	
(3) Reserve in India ..	1	(a)	..	
(4) Line of Communication :				
(a) Peshawar-Kabul ..	1½	..	1 Cavalry Regiment*	
(b) Thal-Kabul ..	1	..	2 Cavalry Regiments*	
(c) Chaman-Kandahar	..	..	1 Battalion Pioneers. 1 Infantry Brigade. 1½ Cavalry Regiments.*	
Total ..	8½	4	1 Infantry Brigade. 1 Pioneer Battalion. 4 Cavalry Regiments*.	
NORTH-WEST FRONTIER.				
(1) Swatis, Bunerwals, Bajauris.	1½	..	..
(2) Mohmands ..	1	..	..
(3) Afridis and Orakzais (Tirah).	2½	..	1 Regiment Cavalry	1st Division garrisons maintained at full strength.
(4) Zakka Khel Afridis ..	1†	..	..	† Included in (3), so excluded from totals.
(5) Kohat Pass Afridis ..	½	..	..
(6) Mahsuds ..	1	..	2 Battalions Infantry	
....	..	..	1 Battalion Pioneers.	
....	..	..	1 Regiment Cavalry.	
Total ..	6½	..	2 Battalions Infantry. 1 Battalion Pioneers. 2 Regiments Cavalry.	

Note.—Figures are calculated as follows:—

PRESIDENT'S
SECRETARIAT
LIBRARY